C. RAMACHANDRAM & CO.
CHARTERED ACCOUNTANTS

3-6-237, Unit # 606,
Lingapur La Builde Complex,
Himayatnagar, Hyderabad - 500 029.
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INDEPENDENT AUDITOR'S REPORT

To
The Members of
M/s Penna Cement Industries Limited

Report on the Standalone Ind AS Financial Statements

Opinion

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 March 31, 2019, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes inequity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

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 Companies Act,2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards Prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the financial position of the Company as at 31 March, 2019, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidenceobtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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FRN: 002864S
HYDERABAD

Key Audit Matters:

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. Those matters were addressed in the context of our audit of standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	**Revenue Recognition – Refer to Note 18 of the standalone financial statements.** The Company recognises revenue based on terms of sales agreement, which varies with the customer i.e. upon transfer of control over goods sold. For sale transactions in a certain period of time around the balance sheet date, it is essential to ensure the control of goods have been transferred to the customers. As Revenue recognition is subject to management's judgement on whether the control of goods have been transferred, we consider cut off of revenue as key audit matter.	<u>Principal Audit Procedures</u> We Obtained an understanding of the revenue recognition process and tested the company's controls around the timely and accurate recording of sale transactions. We have obtained an understanding of sample of customer contracts. We tested the access and change management controls of the relevant information technology system in which shipments are recorded. Our test of revenue samples focused on sales recorded immediately before the year end, obtaining evidence to support the appropriate timing of revenue recognition, based on the terms set out in sales orders and delivery documents.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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- If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard. Management's Responsibility for the Standalone 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, statement of 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 theprovisions 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 fraudor error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

1. 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.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, 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 Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) 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) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses,

      iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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FRN: 002864S
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2. 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 B**, a statement on the matters specified in the paragraph 3 and 4 of the order.

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

C. Ramachandram
Partner
M.No:025834

C. RAMACHANDRAM & CO., F.No: 002864S Chartered Accountants

Place: Hyderabad
Date: May 25th, 2019

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of theCompanies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Penna Cement Industries Limited ("theCompany") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financialstatements 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 controlsbased on the internal control over financial reporting criteria established by the Company consideringthe essential components of internal control stated in the Guidance Note on Audit of Internal FinancialControls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internalfinancial controls that were operating effectively for ensuring the orderly and efficient conduct of itsbusiness, including adherence to company's policies, the safeguarding of its assets, the prevention anddetection of frauds and errors, the accuracy and completeness of the accounting records, and the timelypreparation 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 financialreporting based on our audit. We conducted our audit in accordance with the Guidance Note on Auditof Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards onAuditing, 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 ofInternal Financial Controls and, both issued by the Institute of Chartered Accountants of India. ThoseStandards and the Guidance Note require that we comply with ethical requirements and plan andperform the audit to obtain reasonable assurance about whether adequate internal financial controls overfinancial reporting was established and maintained and if such controls operated effectively in allmaterial respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internalfinancial controls system over financial reporting and their operating effectiveness. Our audit of internalfinancial controls over financial reporting included obtaining an understanding of internal financialcontrols over financial reporting, assessing the risk that a material weakness exists, and testing andevaluating the design and operating effectiveness of internal control based on the assessed risk. Theprocedures selected depend on the auditor's judgment, including the assessment of the risks of materialmisstatement 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 providereasonable assurance regarding the reliability of financial reporting and the preparation of financialstatements for external purposes in accordance with generally accepted accounting principles.

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Acompany'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 thetransactions and dispositions of the assets of the company;

(2) provide reasonable assurance thattransactions are recorded as necessary to permit preparation of financial statements in accordance withgenerally accepted accounting principles, and that receipts and expenditures of the company are beingmade 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the 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

C. RAMACHANDRAM & CO.
F.No: 002864S
Chartered Accountants

Place: Hyderabad
Date: May25th, 2019.

Annexure B 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 March 31, 2019.

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 of property, plant and equipment.

   b. The company has a regular program of physical verification of property, plant and equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   c. According to information and explanation given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Companyas at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.

ii. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on 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 Rs.28.21 crores (One Party)

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, investments, guarantees, and security, as applicable.

v. According to the information and explanations given to us,the Company has not accepted any deposit falling under the purview of provisions of Sections 73 to 76 of the Companies Act, 2013 during the year and does not have any unclaimed deposits, and hence reporting under clause(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. 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 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a

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detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

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.

There were 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 March 31, 2019 for a period of more than six months from the date they became payable.

b. Details of dues of income tax sales tax, service tax, excise duty, customs duty and cess which have not been deposited as on March 31, 2019 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 repayment of loans or borrowings to theBanks, Government, Financial Institutions and Debenture holders.

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 year.

xi. According to information and explanation given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Companies Act, 2013.

xii. 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, the Company is in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable, for all the transactions with the related parties and the details of related party 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 directors of its subsidiary company or persons connected with them. Thus, paragraph 3(xiv) of the Order is not applicable to the company.

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HYDERABAD
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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(xv) 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

C. RAMACHANDRAM & CO., F.No: 002864S Chartered Accountants

Place: Hyderabad
Date: May25th, 2019.

Annexure-C

Name of the statute	Nature of the dues	Amount Rs. in Crore*	Period to which the amount relates	Forum where dispute is pending
Income Tax Department	Disallowance of additional depreciation on Air Pollution Equipment	0.17	Assessment year 2010-11	ITAT-Hyderabad
	Disallowance under Section 37 and 14A	3.79	Assessment year 2013-14	High Court-Hyderabad (A)
	Disallowance under Section 37 and 14A	4.91	Assessment year 2014-15	High Court-Hyderabad (A)
Excise Duty	Input credit on Clean Energy Cess	0.51	Apr-10 to June-17	CESTAT, Hyderabad
	Industrial/Institutional sale	0.89	April -07 to Feb-09	Commissioner, Hyderabad
		0.35	Mar-12 to Jan-13	CESTAT, Hyderabad
		6.44	Dec-08 to Jan-13	Supreme Court
		10.28	Feb-13 to Jun-17	Commissioner,Tirupati
Customs Duty	Customs Duty on Coal	22.72	Mar-12 to Dec-12	Commissioner, Guntur
	Freight Not Inclusive in Assessable Value	4.13	Apr-10 to Feb-16	CESTAT, Hyderabad
Service Tax	Service Tax Credit on Freight (GTA)	1.45	Aug -06 to Sep -10	Commissioner, Tirupati
	Cenvat Credit of Excise & Service Tax	19.90	Feb-09 to Mar-10	Jurisdiction of High court, Hyderabad.
	Service tax on Royalty	0.54	Apr-16 to Jun-17	Commissioner, Hyderabad
	Service tax credits on demurrage charges	0.42	Apr-13 to Mar-16	Commissioner, Hyderabad
Sales Tax	Penalty for Entry Tax on Dumper 2006-07 & 2007-08	0.80	2006-07, 2007-08	High court of AP
	TNGST 1996-97- Excess of Stock transfer price over sale price	0.01	1996-97	High court of Tamilnadu
	Entry Tax on goods	0.62	2014-15 to 2017-18	High court of AP.
	Interest on Sales Tax Deferment	1.07	2001-02	High court of AP
	Total	**79.01**		

*The above figures are disputed statutory dues after adjustment of amount paid under protest.

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FRNo: 002864S
Chartered Accountants

PENNA CEMENT INDUSTRIES LTD

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2019 Rs. in Crores

Particulars	Notes	As at 31-03-2019	As at 31-03-2018
ASSETS			
NON-CURRENT ASSETS:			
a) Property, Plant and Equipment	2	**1894.72**	1699.77
b) Capital Work-in-Progress		**630.61**	242.04
c) Intangible Assets		**0.15**	0.42
d) Financial Assets			
i) Investments	3	**143.62**	143.61
ii) Loans	5	**100.34**	107.92
e) Other Non-Current Assets	6	**116.33**	204.78
Total Non-Current Assets		**2885.77**	2398.54
CURRENT ASSETS:			
a) Inventories	7	**371.11**	178.95
b) Financial Assets			
i) Trade Receivables	4	**145.99**	90.24
ii) Cash and Cash Equivalents	8	**63.08**	23.97
iii) Bank Balance other than Cash and Cash Equivalents	8	**18.69**	16.86
c) Other Current Assets	6	**178.92**	171.33
Total Current Assets		**777.79**	481.35
Total Assets		**3663.56**	2879.89
EQUITY AND LIABILITIES			
SHARE HOLDER'S FUNDS			
a) Equity Share Capital	9	**133.80**	13.38
b) Other Equity	10	**877.87**	920.51
Total Equity		**1011.67**	933.89
NON-CURRENT LIABILITIES:			
a) Financial Liabilities			
i) Borrowings	11	**1136.21**	1011.20
ii) Other Financial Liabilities	13	**532.04**	238.87
b) Provisions	14	**4.81**	6.34
c) Deferred Tax Liabilities (Net)	15	**245.81**	275.96
Total Non-Current Liabilities		**1918.87**	1532.37
CURRENT LIABILITIES:			
a) Financial Liabilities			
i) Borrowings	17	**226.92**	178.60
ii) Trade Payables	12	**207.30**	78.30
iii) Other Financial Liabilities	13	**217.68**	59.49
b) Provisions	14	**3.19**	0.24
c) Other Current Liabilities	16	**60.88**	46.44
d) Current Tax Liabilities		**17.05**	50.56
Total Current Liabilities		**733.02**	413.63
Total Equity and Liabilities		**3663.56**	2879.89
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 & CO. CHARTERED ACCOUNTANTS FRN: 002864S HYDERABAD

C. Ramachandram
Partner
Membership No: 025834

Place: Hyderabad
Date: 25-05-2019

for and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Petluru Venugopal Reddy
CFO

Bezawada Vikram
Executive Director
DIN:02086809

Raj Kumar Singh
Company Secretary
M.No:14265

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PENNA CEMENT INDUSTRIES LTD

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

Rs. in Crores

Particulars	Notes	Year ended 31-03-2019	Year ended 31-03-2018
REVENUE			
Revenue from Operations	18	2164.04	1839.83
Other Income	19	2.88	20.83
Total Revenue		2166.92	1860.66
EXPENSES			
Cost of Materials Consumed	20	392.20	295.45
Other Manufacturing Expenses	21	701.54	491.40
Changes in Inventories of Finished Goods & Stock in Process	22	(34.25)	7.70
Employee Benefit Expense	23	105.49	79.26
Finance Costs	24	139.46	103.46
Depreciation and Amortisation Expense	2	116.41	81.51
Freight & Forwarding Expense		581.00	404.88
Excise Duty		...	63.65
Other Expenses	25	100.52	103.82
Total Expenses		2102.37	1631.13
Profit before Tax Expense		64.55	229.53
Tax Expense			
Current Tax		17.36	59.66
MAT Credit Entitlement		(16.94)	...
Deferred Tax		(30.15)	12.81
Total Tax Expense		(29.73)	72.47
Profit for the Year		94.28	157.06
Other Comprehensive Income			
Items that will not be re-classified to Profit/(Loss)			
Re-measurement of gain/(loss) on defined benefit plan		(0.37)	(0.52)
Fair value changes on Equity Instruments through OCI (FVTOCI)		0.02	0.45
Tax Effect		(0.01)	0.16
Other Comprehensive Income / (loss) for the year, net of tax		(0.36)	0.09
Total Comprehensive Income for the year		93.92	157.15
Earnings Per Equity Share (Face value Rs.10/- each)			
Basic		7.05	11.74
Diluted		7.05	11.74
Significant accounting policies	1		
The accompanying Notes form an integral part of the Financial Statements			

As per our Report of even date

for and on behalf of the Board of Directors

For C. Ramachandram& Co.
Chartered Accountants
F.R. No. 002864S

C. Ramachandram
Partner
Membership No: 025834

Place: Hyderabad
Date: 25-05-2019

C. RAMACHANDRAM & CO. FRN: 002864S HYDERABAD CHARTERED ACCOUNTANTS

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Petluru Venugopal Reddy
CFO

Bezawada Vikram
Executive Director
DIN:02086809

Raj Kumar Singh
Company Secretary
M.No:14265

PENNA CEMENT INDUSTRIES LTD

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2019

i. EQUITY SHARE CAPITAL

For the year ended March 31, 2018

Particulars	No. of shares	Rs. In Crores
Balance as At April 01, 2018	1,33,80,000	13.38
Bonus issue made during the year	12,04,20,000	120.42
Balance as At March 31, 2019	13,38,00,000	133.80

ii. OTHER EQUITY

Rs. In Crores

Particulars	Reserves & Surplus			Items of Other Comprehensive Income	Total
	Debenture Redemption Reserve	General Reserve	Retained Earnings	Equity Instruments through OCI	
At March 31, 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 March 31, 2018	**24.50**	**35.00**	**866.90**	**(5.89)**	**920.51**
Profit for the year	...	...	94.28	...	94.28
Dividend paid (including Dividend Distribution Tax)	...	...	(16.13)	...	(16.13)
Bonus issue			(120.42)		(120.42)
Transfer of Debenture redemption reserve to retained earnings	(10.50)	...	10.50		...
Other comprehensive income				...	
Re-measurement of gain/(loss) on defined benefit plans	...	...	(0.36)	...	(0.36)
Fair value changes on equity instruments through OCI	...	...	...	(0.02)	(0.02)
Income tax effect			...	0.01	0.01
At March 31, 2019	**14.00**	**35.00**	**834.78**	**(5.90)**	**877.87**
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 & CO. CHARTERED ACCOUNTANTS FRN: 002864S HYDERABAD

C. Ramachandram
Partner
Membership No: 025834

Place: Hyderabad
Date: 25-05-2019

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
CFO

Raj Kumar Singh
Company Secretary
M.No:14265

PENNA CEMENT INDUSTRIES LTD

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	**2018-2019 Rs in Crores**	2017-2018 Rs in Crores
A. Cash Flow from Operating Activities		
Profit before Tax	64.55	229.53
Adjustments for:		
Depreciation	116.41	81.51
Interest Expenses	114.51	63.94
Unwinding of Interest	32.96	39.52
Provision for Doubtful receivables	0.56	0.90
Provision for Retirement Benefits	2.13	2.32
Foreign Exchange gain (unrealised)	(2.37)	(1.84)
(Profit) / Loss on sale of Assets	0.01	(0.08)
Gain on fair valuation of Investments	(0.01)	(0.45)
Interest Income	(2.12)	(2.92)
Dividend Income	...	(13.20)
Operating Profit before Working Capital Charges	**326.63**	**399.23**
Movements in Working Capital		
Increase/(Decrease) in Trade Payable & Other Liabilities	167.15	(101.81)
(Increase) / Decrease in Trade Receivables	(56.31)	(5.18)
(Increase) / Decrease in Inventories	(192.16)	94.56
Increase/(Decrease) in Non-Current liabilities & Provisions	283.15	39.20
(Increase) / Decrease in Non-Current Loans given	96.03	(83.42)
(Increase) / Decrease in Other Current Assets	7.50	138.23
Cash Generated from Operations	**631.99**	**480.81**
Income Tax paid, net	(14.75)	(65.60)
Net Cash from Operating Activities (A)	**617.24**	**415.21**
B. Cash Flow from Investing Activities		
Capital expenditure on Property, Plant & Equipment and Intangible Assets	(699.76)	(610.84)
Sale of Property, Plant & Equipment	0.09	0.11
Investment in Subsidiary	0.01	(66.54)
Interest received	2.12	2.92
Dividend Income	...	13.20
Net Cash from Investing Activities (B)	**(697.54)**	**(661.15)**
C. Cash Flow from Financing Activities		
Proceeds from Long term Borrowings (Net)	250.05	321.67
Dividend & Dividend Tax Paid	(16.13)	(8.05)
Interest Paid	(114.51)	(63.94)
Net Cash from Financing Activities (C)	**119.41**	**249.68**
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	**39.11**	**3.74**
Cash and Cash Equivalents – Opening Balance	**23.97**	20.23
Cash and Cash Equivalents – Closing Balance (refer note 8)	**63.08**	23.97

PENNA CEMENT INDUSTRIES LTD

Reconciliations of liabilities from financing activities:

Rs. in crores

Particulars	Long Term Borrowings (including current portion)	Short Term Borrowings	Total
As on 31st March 2018	1,051.76	178.60	1,230.36
Proceeds during the year	292.30	48.32	340.62
Repayment	(42.25)	-	(42.25)
Fair value changes	23.88	-	23.88
As on 31st March 2019	**1,325.69**	**226.92**	**1,552.61**

As per our Report of even date

For C. Ramachandram& Co.
Chartered Accountants
F.R. No. 002864S

C. RAMACHANDRAM & CO. FRN: 002864S HYDERABAD CHARTERED ACCOUNTANTS

C. Ramachandram
Partner
Membership No: 025834

Place: Hyderabad
Date: 25-05-2019

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Raj Kumar Singh
Company Secretary
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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.

Except for the changes below, the company has consistently applied accounting policies to all the periods.

- The Company has adopted Ind AS115 "Revenue from Contracts with Customers', with the date of initial application being April 01, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 – Revenue and Ind AS 11 Construction Contracts. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

- Appendix B to Ind AS 21 – The Effect of changes in Foreign Exchange Rates: On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendments Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance considerations which clarifies the date of transaction for the purpose of determining the exchange rates to be used on initial recognition of the related asset, expenses or income, when an entity has received or paid advance consideration in foreign currency. The amendment is effective from April 01, 2018. The company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

The financial statements were authorized for issue by the Company's Board of Directors on 25th May, 2019.

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 March 31, 2019 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

Investment in subsidiaries and associates are carried at cost in the separate financial statements.

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

The Company derives revenue from the sale of cement and Power. Revenue is measured based on the consideration specified in a contract with a customer. The company recognizes revenue when it transfers control over the product to a customer.

The Five step model which is the focal point for revenue recognition as per Ind As 115 is as follows:

i) Identify contract with the customer:

The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) which has commercial substance and are committed to perform their respective obligations. The rights to goods or services and payment terms can be distinctly identified and collection of consideration is considered probable.

ii) Identify the performance obligations in the contract:

The goods or services promised in a contract shall be assessed to identify the performance obligation for each promise to transfer either (a) Goods or services, or (b) a series of distinct goods or services that are similar and have the same pattern of transfer.

iii) Determine the transaction price:

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange after transferring goods or services to a customer. The entity should consider the following when determining the transaction price (a) Variable consideration and constraints (b) Significant financing component,(c)Non-cash considerations,(d) Consideration payable to a customer.

iv) Allocate the transaction price to the performance obligations in the contract:

The transaction price is required to be allocated to each performance obligation in proportion to its standalone selling prices i.e., the price at which entity would sell the promised goods (or) services apparently to the customer.

v) Recognise revenue when (or as) the entity satisfies a performance obligation:

It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc.

Sale of goods

As per Ind AS 115, - An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Sale of Power

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 adjustment 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 and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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.

1.5Taxation

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
Vessel	25

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.

1.11Inventories

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. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

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 lose.

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.

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PENNA CEMENT INDUSTRIES LTD

Rs. In Crores

NOTE – 2

PROPERTY, PLANT & EQUIPMENT **

Particulars	Freehold Land	Buildings	Plant & Equipment	Vessel	Railway Siding	Furniture & Fixtures	Office Equipment	Vehicles	Total	INTANGIBLE ASSETS Soft ware	Mining Rights	Total
Cost												
As at 31-03-2018	**116.52**	**558.14**	**1,664.71**	-	**101.65**	**1.40**	**10.19**	**19.39**	**2,472.01**	**4.03**	**0.18**	4.22
Additions	1.51	53.70	99.74	147.81	-	0.02	0.97	7.45	311.20	-	-	-
Disposals	-	-	-	-	-	-	-	0.26	0.26	-	-	-
As at 31-03-2019	**118.04**	**611.85**	**1,764.45**	**147.81**	**101.65**	**1.41**	**11.15**	**26.58**	**2,782.95**	**4.03**	**0.18**	4.22
Depreciation												
As at 31-03-2018	-	**90.30**	**636.47**	-	**31.19**	**0.97**	**5.58**	**7.73**	**772.23**	**3.78**	**0.02**	**3.80**
Charge for the year	-	17.02	88.17	3.63	4.83	0.05	0.54	1.90	116.15	0.25	0.01	0.26
Disposals	-	-	-	-	-	-	-	0.16	0.16	-	-	-
As at 31-03-2019	-	**107.32**	**724.63**	**3.63**	**36.02**	**1.03**	**6.12**	**9.47**	**888.22**	**4.03**	**0.03**	4.06
Net Block												
As At 31-03-2018	**116.52**	**467.85**	**1,028.25**	-	**70.46**	**0.42**	**4.61**	**11.66**	**1,699.77**	**0.26**	0.16	0.42
As At 31-03-2019	**118.04**	**504.53**	**1,039.82**	**144.18**	**65.63**	**0.39**	**5.03**	**17.11**	**1,894.72**	**0.00**	0.15	0.15

Rs. In Crores

CAPITAL WORK-IN-PROGRESS				
Particulars	**Civil Work-in-Progress**	**Plant &Equipment Under Installation**	**Pre-Operative Expenses @**	**Total****
As At 31-03-2018	**32.35**	**205.50**	**4.19**	**242.04**
As At 31-03-2019	**7.58**	**612.02**	**11.01**	**630.61**

@ Details of Preoperative Expenses	As at 31-03-2019	As at 31-03-2018
Salary & Wages	2.92	2.95
Consultancy	0.04	0.08
Rents	0.07	0.67
Others	7.98	0.49
Total	**11.01**	**4.19**

****Includes borrowing cost of Rs.51.19 Crores capitalized during the year 2018-19 (Previous year: Rs.57.64crores)**

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.

Rs. In Crores

NOTE – 3	As at 31-03-2019	As at 31-03-2018
NON-CURRENT INVESTMENTS		
Investments carried at cost		
Unquoted equity shares		
Investments in subsidiaries		
124,861,078 (March 31, 2018: 124,861,078) equity shares of Rs.10 each in Pioneer Cement Industries Limited (100%)	**124.86**	124.86
Investments in associates		
13,200,000 (March 31, 2018: 13,200,000) equity shares of Rs.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 (March 31, 2018: 536,000) equity shares of Rs.10 each in Andhra Pradesh Gas Power Corporation Limited	**2.16**	2.15
Total	**143.62**	143.61
Investments carried at cost - Unquoted equity shares in Subsidiaries and Associates	**141.46**	141.46
Investments carried at (FVTOCI) - Unquoted equity shares in Others	**2.16**	2.15

Rs. In Crores

NOTE – 4	As at 31-03-2019	As at 31-03-2018
TRADE RECEIVABLES		
Secured, considered good	**2.85**	1.31
Unsecured, considered good*	**144.61**	89.83
	147.46	91.14
Less: Provision for doubtful receivables	**(1.47)**	(0.90)
Total	**145.99**	90.24
*Includes related parties of Rs.4.88 Crores (Previous year; Rs.4.48 Crores)		

Rs. In Crores

NOTE –5	As at 31-03-2019	As at 31-03-2018
LOANS **(Unsecured, Considered good)**		
NON – CURRENT		
- Security Deposits	**17.57**	25.15
- Advances for Investment	**82.77**	82.77
Total	**100.34**	107.92

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Rs. In Crores

NOTE – 6	As at 31-03-2019	As at 31-03-2018
OTHER ASSETS		
Non-current (Unsecured, considered good)		
Capital advances	**82.26**	169.85
Advances other than capital advances		
- Prepaid Expenses	**34.07**	34.93
Total	**116.33**	204.78
Current (Unsecured, considered good)		
Advances other than capital advances		
- Advances to Suppliers*	78.52	86.69
- Advances to Employees &Others	9.38	6.39
- Prepaid Expenses **	16.28	8.15
- Balances with Government Authorities	74.74	70.10
Total	**178.92**	171.33

*Includes related parties of Rs.40.08 Crores (Previous year: Rs.8.22 Crores)

** Includes expenses of Rs.8.53 Crores (Previous year: Rs. Nil) incurred towards the proposed IPO (Initial Public Offering) and the same to be adjusted against the equity upon the completion of IPO.
The company has file Draft Red Herring Prospectus (DRHP) with the stock exchanges / SEBI and awaiting necessary clearance for the IPO.

Rs. In Crores

NOTE – 7	As at 31-03-2019	As at 31-03-2018
INVENTORIES (Valued at lower of Cost or net realizable value, unless otherwise stated)		
Raw Materials **	**87.56**	18.29
Fuel	**78.13**	41.81
Work-in-Progress	**45.31**	14.57
Finished Goods	**9.07**	5.56
Stores & Spares	**145.55**	93.77
Packing Material	**5.49**	4.95
Total	**371.11**	178.95

a) The above Raw material include stock in transit of Rs.16.22 Crores (Previous year: Rs. Nil)
b) All the inventories are subject to a first charge to the Company's Secured Short Term Borrowings and second charge to the company's Secured Non-Current borrowings with Yes Bank Ltd, L&T Finance Ltd, and Hero FinCorp Ltd.

Rs. In Crores

NOTE – 8	As at 31-03-2019	As at 31-03-2018
CASH AND CASH EQUIVALENTS		
Balance with Banks		
- In Current Account	**62.80**	23.83
Cash on Hand	**0.28**	0.14
Total	**63.08**	23.97
Bank Balance Other than Cash & Cash Equivalents		
Deposits held as Margin Money for Bank Guarantees	**18.69**	16.86
Total	**18.69**	16.86

Rs. In Crores

NOTE –9	As at 31-03-2019	As at 31-03-2018
SHARE CAPITAL:		
Authorised:		
20,00,00,000(As at 31 March, 2018; 15,00,00,000) Equity Shares of Rs.10/- each	**200.00**	150.00
Issued, Subscribed and Paid Up:		
13,38,00,000 (As at 31 March, 2018; 1,33,80,000) Equity Shares of Rs.10/- each fully paid up	**133.80**	13.38
Total	**133.80**	13.38

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

	As at 31-03-2019		As at 31-03-2018	
Particulars	**No. of Shares**	**Rs.in Crores**	**No. of Shares**	**Rs.in Crores**
Outstanding at the beginning of the year	1,33,80,000	13.38	1,33,80,000	13.38
Bonus shares Issued during the year	12,04,20,000	120.42	-	-
Outstanding at the end of the year	13,38,00,000	133.80	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 Rs. 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 ensuring 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 31-03-2019**		As at 31-03-2018	
	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares
1. Shri. P. Prathap Reddy	1,36,35,000	10.19	13,63,500	10.19
2. M/s P. R. Cement Holdiings Ltd	4,47,01,100	33.41	44,70,110	33.41
3. Shri. P. Prathap Reddy, Partner, Pioneer Builders	7,00,94,800	52.39	70,09,480	52.39

Rs. In Crores

NOTE –10	**As at 31-03-2019**	As at 31-03-2018
OTHER EQUITY		
Debenture Redemption Reserve		
Opening Balance	**24.50**	35.00
Add: Additions during the year	...	...
Less: Transferred to Retained earnings	**(10.50)**	(10.50)
Closing Balance – a	**14.00**	24.50
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	**(5.89)**	(6.34)
Add: Profit during the year	**(0.01)**	0.45
Closing Balance – c	**(5.90)**	(5.89)
Retained earnings		
Opening Balance	**866.90**	707.75
Add: Profit for the year	**94.28**	157.06
Less: Bonus Issue during the year	**(120.42)**	....
Add: Transferred from Debenture Redemption Reserve	**10.50**	10.50
Less: Dividend Paid	**(16.13)**	(8.05)
Other comprehensive income, net of tax	**0.36**	(0.36)
Closing balance – d	**834.77**	866.90
Total – Reserves & Surplus (a+b+c+d)	**877.87**	920.51

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PENNA CEMENT INDUSTRIES LTD

Rs. In Crores

NOTE - 11		Long-Term		Current Maturity of Long-Term Borrowings*	
NON-CURRENT BORROWINGS Secured	Repayment Schedule/ Redemption	As at 31-03-2019	As at 31-03-2018	As at 31-03-2019	As at 31-03-2018
12.25% - Non-Convertible Debentures	Jun-17 to Jun-19	....	14.00	**14.00**	10.50
Term Loans from Banks					
1. Yes Bank Ltd	Jun- 19 to Mar-27	**701.76**	512.48	**97.65**	...
2. Yes Bank Ltd	Sep-18 to Dec-20	**2.25**	5.25	**3.00**	2.25
Other Loans from Financial Institutions					
3. L&T Finance Ltd	Jun - 19 to Mar-27	**236.25**	270.00	**33.75**	...
4. Hero FinCorp Ltd	Jun - 19 to Mar-27	**87.50**	100.00	**12.50**	...
5. SREI Equipment Finance Ltd	Nov-18 to Aug -22	**8.49**	.....	**3.05**	....
6. ICICI Bank Ltd	Oct-17to Sept-19	....	0.66	**0.80**	1.63
Total-a		**1036.25**	902.39	**164.75**	14.38
Unsecured					
Sales Tax Deferment Loan	Mar-15 to Mar-24	**99.96**	108.81	**24.73**	26.18
Total-b		**99.96**	108.81	**24.73**	26.18
Total- (a + b)		**1136.21**	1011.20	**189.48**	40.56

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

Long-Term Borrowings:

All Secured Long-Term Borrowings except ICICI Bank Ltd, SREI Equipment Finance Limited 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 Sate 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.

Rs. In Crores

NOTE – 12	As at 31-03-2019	As at 31-03-2018
TRADE PAYABLES		
Current		
Total outstanding dues of creditors other than micro enterprises and small enterprises*	**207.30**	78.30
Total	**207.30**	78.30

* a) The above trade payables includes an amount of Rs.155.71 Crores (previous year Rs.29.16 Crores) in respect of which Letter of credits denominated in foreign currency (unhedged) has been issued.
b) includes related parties of Rs. Nil Crores (previous year Rs.0.18 Crores)

Rs. In Crores

NOTE – 13	As at 31-03-2019	As at 31-03-2018
OTHER FINANCIAL LIABILITIES		
Non-current		
Security Deposits received	**147.31**	131.47
Capital creditors	**384.73**	107.40
Total	**532.04**	238.87
Current		
Current maturities of long-term debt	**189.48**	40.56
Interest accrued but not due on borrowings	**3.08**	2.02
Other payables *	**23.11**	16.86
Payable to employees	**2.01**	0.05
Total	**217.68**	59.49

* includes related parties of Rs.1.56 Crores (previous year Rs.7.15 Crores)

Rs. In Crores

NOTE – 14	As at 31-03-2019	As at 31-03-2018
PROVISIONS		
Non - current		
Employee Benefits - Leave Encashment	**4.21**	4.32
- Gratuity	**0.22**	1.68
Mines Restoration*	**0.38**	0.34
Total	**4.81**	6.34
Current		
Employee Benefits - Leave Encashment	**1.40**	0.03
- Gratuity	**1.79**	0.21
Total	**3.19**	0.24

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

Rs. In Crores

Particulars	As at 31-03-2019	As at 31-03-2018
Mines Restoration Fund		
Opening Balance	0.34	0.23
Add: Unwinding of Interest for the year	0.04	0.12
Closing Balance	0.38	0.34

Rs. In Crores

NOTE – 15	As at 31-03-2019	As at 31-03-2018
DEFERRED TAX ASSET		
Unwinding interest on long term liabilities	(5.54)	(11.80)
Provision allowed under income tax on payment basis	(0.28)	(1.11)
Losses under IT Act	(10.83)	...
IPO Expenses	(2.98)	...
Fair valuation of investments	0.01	(2.04)
Provision for doubtful debts	...	(0.31)
Total	19.62	(15.29)
DEFERRED TAX LIABILITIES		
-Tangible and Intangible Assets	265.43	291.25
Total		
Net Deferred Tax Liability	245.81	275.96

Rs. In Crores

NOTE – 16	As at 31-03-2019	As at 31-03-2018
OTHER CURRENT LIABILITIES		
Advances received from customers	5.89	4.35
Statutory liabilities	54.99	42.09
Total	60.88	46.44

Rs. In Crores

NOTE – 17	As at 31-03-2019	As at 31-03-2018
CURRENT BORROWINGS		
Secured and Loans Repayable on Demand		
From Banks	226.92	178.60
Total	226.92	178.60

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.

Rs. In Crores

NOTE – 18	For the Year ended 31-03-2019	For the Year ended 31-03-2018
REVENUE FROM OPERATIONS		
Revenue from sale of goods	**2141.02**	1800.86
Revenue from sale of Power**	**23.02**	38.97
Total	**2164.04**	1839.83

** During the previous year, the sale of power Includes Rs.18.35 Crores towards compensation received under Power Purchase agreement (take or pay)with M/s Telangana State Power Co-ordination Committee.

Rs. In Crores

NOTE – 19	For the Year ended 31-03-2019	For the Year ended 31-03-2018
OTHER INCOME		
Dividend Income	...	13.20
Profit/(Loss) on Sale of Fixed Assets	**(0.01)**	(0.08)
Net Gain on Foreign Currency Transactions	....	3.19
Scrap Sale	**0.77**	1.60
Interest Income	**2.12**	2.92
Total	**2.88**	**20.83**

Rs. In Crores

NOTE – 20	For the Year ended 31-03-2019	For the Year ended 31-03-2018
COST OF MATERIALS CONSUMED		
- Limestone	**114.79**	**93.19**
- Bauxite	**48.96**	**33.20**
- Iron Ore	**10.87**	**9.90**
- Gypsum	**37.64**	**28.30**
- Slag	**7.94**	**12.83**
- Fly Ash	**50.15**	**32.19**
- Coal for Power Generation	**121.85**	**85.84**
Total	**392.20**	**295.45**

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Rs. In Crores

NOTE – 21	For the Year ended 31-03-2019	For the Year ended 31-03-2018
OTHER MANUFACTURING EXPENSES		
Power & Fuel	**537.10**	**371.50**
Stores & Spares Consumed	**49.15**	**34.30**
Packing Material Consumed	**74.99**	**59.98**
Repairs & Maintenance – Machinery	**24.81**	**16.14**
Repairs & Maintenance – Buildings	**5.70**	**4.28**
Repairs & Maintenance – Others	**9.79**	**5.20**
Total	**701.54**	**491.40**

Rs. In Crores

NOTE – 22	For the Year ended 31-03-2019	For the Year ended 31-03-2018
CHANGE IN INVENTORIES OF FINISHED GOODS &STOCK IN PROCESS		
Closing Stock		
- Finished Goods	**9.07**	**5.56**
- Stock in Process	**45.31**	**14.57**
	54.38	**20.13**
Opening Stock		
- Finished Goods	5.56	11.90
- Stock in Process	14.57	15.93
	20.13	**27.83**
(Increase) / Decrease in Inventories	**(34.25)**	**7.70**

Rs. In Crores

NOTE – 23	For the Year ended 31-03-2019	For the Year ended 31-03-2018
EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	**89.64**	**69.26**
Contribution to PF, ESI	**6.50**	**5.29**
Staff Welfare Expenses	**9.35**	**4.71**
Total	**105.49**	**79.26**

Rs. In Crores

NOTE – 24	For the Year ended 31-03-2019	For the Year ended 31-03-2018
FINANCE COSTS		
Interest on Term Loans	**77.29**	**33.76**
Interest on Debentures	**1.98**	**3.27**
Interest on Working Capital	**20.87**	**16.13**
Bank Charges	**13.27**	**10.78**
Other Borrowing Cost	**24.95**	**39.52**
Net Loss on Foreign Currency Transactions	**1.10**	...
Total	**139.46**	**103.46**

Rs. In Crores

NOTE – 25	For the Year ended 31-03-2019	For the Year ended 31-03-2018
OTHER EXPENSES		
Rent	**12.29**	10.56
Insurance	**5.16**	4.20
Directors' Remuneration	**5.72**	11.66
Auditors' Remuneration	**0.18**	0.18
Printing & Stationery	**0.38**	0.23
Communication Cost	**1.05**	1.09
Directors Travelling Expenses	**1.09**	1.27
Others Travelling Expenses	**5.53**	3.49
Conveyance Expenses	**4.88**	3.16
Professional & Legal Expenses	**13.25**	8.64
Rates & Taxes	**5.02**	4.87
Security Service Charges	**8.55**	4.58
Office Maintenance	**8.36**	9.72
Provision for doubtful receivables	**0.57**	0.90
Other Expenses	**3.84**	12.27
Corporate Social Responsibility Expenses	**4.92**	6.45
Advertisement & Publicity	**10.80**	12.55
Commission on Sales	**8.93**	8.00
Total	**100.52**	103.82

NOTE – 26
CONTINGENT LIABILITIES (IndAS-37)

A. Contingent liabilities/claims not provided for: **Rs. In Crores**

a)	2018-19	2017-18
i) In respect of Bank Guarantees	**38.01**	35.97
ii) In respect of Inland Letter of Credits	**23.23**	24.32
iii) In respect of Foreign Letter of Credits	...	54.18
iv) In respect of Unexecuted Capital Contracts	**280.67**	452.68
b) Claims against the Company not acknowledged as Debt:*		
i) Sales Tax	**2.50**	3.80
ii) Excise Duty/Service Tax/ Customs	**67.63**	45.36
iii) Income Tax	**8.88**	12.25
iv) Disputes in respect of purchase of power	**41.67**	41.67

** 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 Rs. 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**

Rs. In crores

	For the Year 2018-2019		For the Year 2017-2018	
	Value	%	Value	%
Raw Materials				
-- Indigenous	156.37	58	239.89	81
-- Imported	115.54	42	55.56	19
Total	**271.91**	**100**	295.45	100
Fuel				
-- Indigenous	70.40	16	53.54	18
-- Imported	376.60	84	242.03	82
Total	**447.00**	**100**	295.57	100
Stores, Spares and Packing Materials				
-- Indigenous	121.02	97	92.54	98
-- Imported	3.12	3	1.64	2
Total	**124.14**	**100**	94.18	100

B) **Value of Import on CIF basis:**

	For the Year 2018–19 Rs. In crores	For the Year 2017–18 Rs. In crores
Spares & Bags	**3.11**	1.20
Fuel	**332.28**	255.30
Capital Goods	**10.51**	...

C) **Expenditure in Foreign Currency**

	For the Year 2018–19 Rs. In crores	For the Year 2017–18 Rs. In crores
Travel expenses	**1.59**	1.31
Consultancy & License Fees	**8.94**	0.98
Fuel	**247.38**	215.06
Total	**257.91**	217.35

D) **Auditors Remuneration:**

	For the Year 2018–19 Rs. In crores	For the Year 2017–18 Rs. In crores
a) Statutory Auditor		
Audit Fee	**0.15**	0.15
Certification & Fees for other Services	**0.03**	0.02
b) Cost Auditor	**0.01**	0.01
Total	**0.19**	0.18

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 March 31, 2019. 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)	10. Pioneer Education Trust
11. Penna Shipping Limited	
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 – CFO (from 1st Apr'18 to 9th May'18)
5. Shri Raj Kumar Singh – Company Secretary	6. Shri. Sanjeev Aggarwal – CFO (from 9th May'18 to 11th February'19)
e) Relative of KMP, having transactions with the Company	
1. Smt. P.V. Lakshmi	2. Smt. B. Deepthi Reddy
3. Shri P. Ramesh Reddy	

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

Rs. In Crores

S.no	Description	Subsidiaries	Parties having Significant Influence	KMP	Relative of KMP	Total
1	Managerial Remuneration			7.21		7.21
2	Services Received		103.63	0.17	2.47	106.26
3	Advance paid for Expenses	28.16	0.88			29.04
4	Sale of Cement		0.77	0.01		0.78
5	Corporate Social Responsibility Expenses		1.72			1.72

Balance as at 31st March, 2019:

Rs. In Crores

S.no	Description	Subsidiaries	Associates	Parties having Significant Influence	KMP	Relative of KMP	Total
1	Managerial Remuneration				(1.56)		(1.56)
2	Investments	124.86	16.60				141.46
3	Advance paid for Expenses	28.21		10.87		1.00	40.08
4	Sale of Cement			4.83		0.05	4.88

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

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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 March 31, 2019, 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 two reportable operating segments namely Cement & Thermal Power. Segment wise Revenue, Results and other information as follows:

Rs. In Crores

Particulars	Cement		Thermal Power		Total	
	2018-19	2017-18	**2018-19**	2017-18	**2018-19**	2017-18
Revenue						
External Sale	**2,141.02**	1,800.86	**23.02**	38.97	**2,164.04**	1,839.83
Inter Segment Revenue			**131.33**	116.65	**131.33**	116.65
Total Revenue					**2295.37**	1956.48
Less: Inter-Segment Eliminations					**131.33**	116.65
Net Total Revenue					**2,164.04**	1,839.83
Results					-	-
Segment Results (Profit before Interest, Exceptional items & Tax)	**191.14**	264.62	**9.89**	47.54	**201.03**	312.16
Add: Un-allocated Income					**2.88**	20.83
Less: Interest & Financial Expenses (Net)					**139.36**	103.46
Profit before exceptional items & Tax					**64.55**	**229.53**
Less: Exceptional Items					-	-
Profit before Tax					**64.55**	**229.53**
Tax Expenses					**(29.73)**	72.47
Profit after Tax					**94.28**	**157.06**
Other Information					-	-
Segment Assets	**3,438.83**	2,657.83	**224.74**	222.06	**3,663.57**	2,879.89
Un-allocated Assets					-	-
Total Assets	**3,438.83**	2,657.83	**224.74**	222.06	**3,663.57**	2,879.89
Segment Liabilities	**2,603.29**	1,893.05	**48.60**	52.95	**2,651.89**	1,946.00
Un-allocated Liabilities & Provisions					-	-
Total Liabilities	**2,603.29**	1,893.05	**48.60**	52.95	**2,651.89**	1,946.00
Depreciation & Amortization	**106.56**	71.67	**9.85**	9.85	**116.41**	81.52
Capital Work in Progress	**630.61**	242.04			**630.61**	242.04
Additions in Property, Plant & Equipment during the year	**699.76**	610.84			**699.76**	610.84
Significant Non-Cash Expenses other than Depreciation & Amortization						

Information about geographical areas:

The major operations of the company are carried out in India. The operations are managed by product area and no geographical information is disclosed as the necessary information is not available and the cost to develop it would be excessive.

B) **Employee Benefits:**

The employee benefit schemes are as under:

i) Defined contribution plan:

Provident Fund

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated Rs.6.22 Crores (Previous year: Rs.5.06).

Employee State Insurance

The Company makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated Rs.0.28 Crores (Previous year: 0.22 Crores).

ii) Defined contribution plan:

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 Rs. 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:

PENNA CEMENT INDUSTRIES LTD

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

Rs. In Crores

		Gratuity (Funded Plan)	
		As at 31-03-2019	As at 31-03-2018
I	Change in Obligation		
	1 Present Value of defined benefit obligation at the beginning of the year	**11.65**	10.22
	2 Current service cost	**1.50**	1.20
	3 Past service cost	...	1.05
	4 Interest cost	**0.88**	0.80
	5 Actuarial (gain) / loss on obligation	...	...
	6 Benefits paid	**(1.34)**	(0.51)
	7 Remeasurements – Due to Financial Assumptions	**0.19**	...
	8 Remeasurements – Due to Experience Assumptions	**0.51**	(1.11)
	9 Present Value of defined benefit obligation at the end of the year	**13.40**	11.65
II	**Change in the Fair Value of Plan Assets**		
	1 Fair Value of Plan assets at the beginning of the year	**10.33**	8.86
	2 Expected return on plan assets	**0.80**	0.74
	3 Contributions by employer	**1.26**	1.29
	4 Remeasurements – Return on Assets	**0.33**	(0.05)
	5 Benefit Payments from Plan Assets	**(1.34)**	(0.51)
	6 Fair Value of Plan assets at the end of the year	**11.39**	10.33
III	**Expenses recognized in the Profit and Loss Account**		
	1 Current service cost	**1.51**	1.21
	2 Past service cost	...	1.05
	3 Interest cost	**0.88**	0.80
	4 Expected return on plan assets	**(0.80)**	(0.74)
	5 Net actuarial loss / (gain) recognized in the current year	...	...
	6 Expenses recognized in the Profit and Loss Account	**1.59**	2.32
IV	**Re-measurements recognized in Other Comprehensive Income (OCI)**		
	1 Changes in Financial Assumptions	**0.19**	...
	2 Changes in Demographic Assumptions	**0.51**	(1.11)
	3 Experience Adjustments	...	...
	4 Actual return on Plan assets less interest on plan assets	**(0.33)**	0.05
	5 Amount recognized in Other Comprehensive Income (OCI)	**0.37**	(1.06)
V	**Expenses recognized in the Balance Sheet as at the end of the year**		
	1 Present value of defined benefit obligation	**13.40**	11.65
	2 Fair Value of plan assets at the end of the year	**11.39**	10.33
	3 Funded status [Surplus / (Deficit)]	**2.02**	1.32
	4 Net assets / (liability) as at the end of the year	**2.02**	1.32
VII	**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%	**7.30**	0.85
	Salary escalation-down by 1%	**(6.60)**	0.77
	Discount Rates-up by 1%	**(6.1)**	(0.71)
	Discount Rates-down by 1%	**6.8**	0.80
	Withdrawal Rates-up by 1%	**1.5**	0.20
	Withdrawal Rates-down by 1%	**(1.7)**	(0.22)
VIII	**The major categories of plan assets as a percentage of total plan**		
	1 Qualifying Insurance Policy	**100%**	100%
IX	**Actuarial Assumptions**		
	1 Discount rate	**7.77%**	8%
	2 Mortality rate	IALM (2006-08 Ultimate)	IALM (2006-08 Ultimate)
	3 Withdrawal rate	3%	3%
	4 Return on plan assets	8.20%	8.20%
	5 Salary Escalation	**4%**	4%

iii) **Earnings per Share (EPS) –**

	Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
a)	Profit attributable to the Equity Share Holders (Rs in Cr)- A	**94.05**	145.45
b)	No. of Equity Shares	**13,38,00,000**	1,33,80,000
c)	Nominal Value of the Share (Rs.)	**10**	10
d)	Weighted average number of Equity Shares - B	**13,38,00,000**	1,33,80,00,000
e)	Earnings per Share (Rs.) – A/B*	**7.03**	11.74

The Board of Directors in its meeting held on 14th June 2018 had recommended issue of bonus shares in the ratio of 9 Equity shares of Rs. 10/- each for every one existing equity share of Rs.10/- each held. The issue of bonus share approved by the Shareholders on 30th September 2018 and accordingly the Company allotted 12,04,20,000 number of fully paid equity shares of Rs10/- each. The Earnings Per Share (both basic and diluted) for the year ended March 31, 2018 have been restated to give effect to the aforesaid bonus shares as per Ind AS-33.

iv) **Reconciliation of Effective Tax rate:**

Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
Applicable tax rate	**34.94**	34.61
Effect of tax exempt income	**(26.87)**	(1.99)
Effect of non-deductible expenses	**0.81**	0.69
Effect of allowances for tax purposes	**(4.20)**	(5.83)
Effect of previous year adjustments	**4.32**	3.96
Others	**0.01**	0.07
MAT Credit Entitlement	**(55.07)**	...
Effective tax rate	**(46.06)**	31.51

v) 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.

vi) **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 Rs.12.29 Crores (previous year Rs.10.56 Crores)

vii) 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 March 31, 2019 and March 31, 2018. 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 March 31, 2019 and March 31, 2018.

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:

Rs. in Crores

	Increase / decrease in interest rate	**Effect on profit before tax**
March31,2019		
INR	+1%	12.13
INR	-1%	12.13
March31,2018		
INR	+1%	4.89
INR	-1%	4.89

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 March 31,2019 is Rs.147.46 Crores (March 31, 2018: Rs.91.14 Crores). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Rs. in Crores

Allowance for credit loss	**31-Mar-19**	31-Mar-18
Opening balance	**0.90**	...
Credit loss provided/ (reversed)	**0.57**	0.90
Closing balance	**1.47**	0.90

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

No single customer accounted for more than 3% of the revenue as of March 31, 2019 and March 31, 2018 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:

Rs. in Crores

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Year ended March 31, 2019				
Borrowings (including Current maturities of long term debt)	186.81	887.68	287.80	1,362.29
Other noncurrent financial liabilities	...	638.31	...	638.31
Trade payables	207.30	...	...	207.30
Other Payables	23.11	...	...	23.11
Interest Accrued but not due	3.08	...	...	3.08
Salary and Bonus payable	2.01	...	...	2.01
Year ended March 31, 2018				
Borrowings (including Current maturities of long term debt)	40.56	811.97	249.21	1101.74
Other noncurrent financial liabilities	...	346.21	...	346.21
Trade payables	78.30	...	...	78.30
Other Payables	16.86	...	...	16.86
Interest Accrued but not due	2.02	...	...	2.02
Salary and Bonus payable	0.05	...	...	0.05

viii) 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.

i) **Financial assets and liabilities**: The carrying value of financial instruments by categories as at March 31, 2019 and March 31, 2018 is as follows:

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Financial assets		
Measured at amortised cost		
Investments	**143.62**	143.61
Loans	**100.34**	107.92
Trade Receivables	**145.99**	90.24
Cash and Cash Equivalents	**63.08**	23.97
Bank Balance other than Cash and Cash Equivalents	**18.69**	16.86
Total Financial assets	**471.72**	382.60

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Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Financial liabilities		
Measured at amortised cost		
Long term borrowings	**1,136.21**	1,011.20
Short term borrowings	**226.92**	178.60
Trade Payables	**207.30**	78.30
Other financials liabilities (including current maturities of long term borrowings)	**217.68**	59.49
Total Financial liabilities	**1,788.11**	**1,327.59**

ii) 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.

iii) The capital structure as of March 31, 2019 and March 31, 2018 as follows:

Rs. in Crores

Particulars	31-Mar-19	31-Mar-18
Total equity attributable to the equity shareholders of the Company	**1,011.67**	958.39
As a percentage of total capital	**39.45**	41.63
Long term borrowings including current maturities	**1325.69**	1051.76
Short term borrowings	**226.92**	178.6
Total borrowings	**1552.61**	1309.5
As a percentage of total capital	**60.55**	58.37
Total capital (equity and borrowings)	**2564.28**	2267.89

ix) Corporate Social Responsibility:

Expenditure incurred on Corporate Social Responsibility activities, included in different heads of expenses in the Statement of Profit and Loss is Rs.4.92 Crores (March 31, 2018 Rs.6.45 Crores).

Details of CSR Project or Activity	31-Mar-19	31-Mar-18
Initiatives to promote Education	2.59	1.08
Welfare and Rural Development	2.10	4.97
Health Care Initiatives	0.23	0.40
Total	**4.92**	**6.45**

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended March 31, 2019 is Rs. 5.72 Crores (March 31, 2018 Rs.5.33Crores) i.e. 2% of average net profits for last three financials years, calculated as per section 198 of the Companies Act, 2013.

x) The Company has certain mining leases granted by the Government for limestone mining in the states Andhra Pradesh and Telangana.

xi) Standards issued but not effective

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement - On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The company is currently evaluating the effect of this amendment on the financial statements.

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Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition –

i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.

As per our Report of even date

For C. Ramachandram& Co.
Chartered Accountants
F.R. No. 002864S

C. RAMACHANDRAM & CO. FRN: 002864S HYDERABAD CHARTERED ACCOUNTANTS

C. Ramachandram
Partner
Membership No: 025834

Place: Hyderabad
Date: 25-05-2019

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
CFO

Raj Kumar Singh
Company Secretary
M.No:14265