



## INDEPENDENT AUDITORS' REPORT

To

The Members of M/s Pioneer Cement Industries Limited.

### Report on the Audit of the Standalone financial statements

#### Opinion

We have audited the accompanying Standalone financial statements of **M/s Pioneer Cement Industries Limited** ('the Company'), which comprise the Balance sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of cash flows for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ('Act') 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and the other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss, total Comprehensive Income, its changes in equity and cash flows for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. 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 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.



### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

### **Information other than the Standalone financial statements and auditors' 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 Board's Report including Annexure to Board's Report 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 course of our audit or otherwise appears to be materially misstated.
- 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**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.



This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud 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 also responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

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 skepticism 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.



- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### **Report on Other Legal & Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 (the Order), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



**2) As required by Section 143(3) of the Act, we report that:**

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The standalone balance sheet, the Standalone statement of profit and loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid Standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- e) Based on Written Representation received from the directors as on March 31, 2020, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2020 from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”. 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 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 doesn't have any pending litigations which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii) There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company.

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



**C Ramachandram**  
**Partner**

Membership No: 025834

UDIN: 20025834AAAANG1512



Place: Hyderabad

Date: 17<sup>th</sup>Aug, 2020

## Annexure “A” to the Independent Auditor’s Report\*

(Referred to in paragraph 1 under ‘Report on other legal and regulatory requirements’ section of our report to the members of **Pioneer Cement Industries Limited** of even date)

- i. In respect of the Company’s fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The fixed assets of the Company were physically verified in full by the management during the year. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds 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 Company as at the balance sheet date.
- ii. According to the information and explanation given to us and based on the verification of records, the company has no inventory. Accordingly, Paragraph 3(ii) of the order is not Applicable.
- iii. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable. However, the company has given advances to the companies, 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 interest of the company. The amount outstanding as on the date of Balance sheet is Rs.38.51 Crores.
- iv. In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security to which the provision of section 185 and 186 of the Companies Act, 2013 applicable. The investments made by the Company in accordance with Section 186 of the Companies Act, 2013
- v. According to the information and explanations given to us, the company has not accepted any deposits and accordingly paragraph 3 (v) of the order is not applicable.



- vi. According to information and explanations given to us, the central government has not prescribed the maintenance of cost records under Section 148 of the Companies Act 2013.
- vii. In respect of statutory dues:
- a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not taken any term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. The Company has not paid any managerial remuneration during the year. Hence Clause (xi) is not applicable.





- xii. The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.
- xvi. According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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



**C Ramachandram**  
**Partner**

Membership No: 025834

UDIN: 20025834AAAANG1512



Place: Hyderabad

Date: 17<sup>th</sup> Aug, 2020

## **Annexure “B” to the Independent Auditor’s Report**

(Referred to in paragraph 2 (f) under ‘Report on other legal and regulatory requirements’ section of our report to the Members of **Pioneer Cement Industries Limited** of even date)

### **Report on the internal financial controls over financial reporting under clause (i) of sub – section 3 of section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Pioneer Cement Industries Limited (‘the Company’) as at March 31, 2020, in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

#### **Management’s responsibility for internal financial controls**

The board of directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

### **Meaning of internal financial controls over financial reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 of 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 and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



**C Ramachandram**  
**Partner**

Membership No: 025834

UDIN: 20025834AAAANG1512



Place: Hyderabad

Date: 17<sup>th</sup> Aug, 2020

Pioneer Cement Industries Limited

CIN : U26941TG2010PLC070651

Standalone Balance Sheet

(All amounts in Indian Rupees, except share data and where otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	4,68,63,984	4,68,63,984
Financial assets			
Investments	5	97,27,34,400	97,27,34,400
Deferred tax asset		10,415	11,582
Other non-current assets	7	48,65,90,633	43,64,40,633
<b>Total non-current assets</b>		<b>1,50,61,99,432</b>	<b>1,45,60,50,599</b>
<b>Current assets</b>			
Financial assets			
Cash and cash equivalents	8	12,25,621	12,45,790
Loans	6	38,51,45,823	7,04,45,820
Other current assets	7	29,000	29,000
<b>Total current assets</b>		<b>38,64,00,444</b>	<b>7,17,20,610</b>
<b>Total assets</b>		<b>1,89,25,99,876</b>	<b>1,52,77,71,209</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	9	1,74,86,10,780	1,24,86,10,780
Other equity	10	(68,87,249)	(66,67,190)
<b>Total equity</b>		<b>1,74,17,23,531</b>	<b>1,24,19,43,590</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial Liabilities			
Other financial liabilities	11	15,08,67,345	28,58,27,619
Other current liabilities	12	9,000	-
<b>Total liabilities</b>		<b>15,08,76,345</b>	<b>28,58,27,619</b>
<b>Total equity and liabilities</b>		<b>1,89,25,99,876</b>	<b>1,52,77,71,209</b>
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For C. Ramachandram & Co.

Chartered Accountants

ICAI Firm Registration Number: 002864S



C. Ramachandram  
Partner  
Membership No.: 025834

for and on behalf of the Board of Directors

P. Prathap Reddy  
Managing Director  
DIN: 00093176

Petluru Venugopal Reddy  
Chief Financial Officer

Bezawada Vikram  
Director  
DIN: 02086809

Raj Kumar Singh  
Company Secretary  
M.No:14265

Place: Hyderabad  
Date: 17th August 2020

**Pioneer Cement Industries Limited**  
**CIN : U26941TG2010PLC070651**  
**Standalone Statement of Profit and Loss**  
**(All amounts in Indian Rupees, except share data and where otherwise stated)**

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Other income	13	-	-
<b>Total income</b>		-	-
<b>Expenses</b>			
Other expenses	14	2,18,892	40,33,630
<b>Total expense</b>		<b>2,18,892</b>	<b>40,33,630</b>
<b>Profit before tax</b>		(2,18,892)	(40,33,630)
Tax expenses			
Current tax		-	-
Deferred tax charge		1,167	1,311
Total tax expense		1,167	1,311
<b>Profit for the year</b>		<b>(2,20,059)</b>	<b>(40,34,941)</b>
<b>Total comprehensive income for the year</b>		<b>(2,20,059)</b>	<b>(40,34,941)</b>
<b>Earnings per equity share (nominal value of INR 10) in INR</b>			
Basic and Diluted		(0.001)	(0.032)

Summary of significant accounting policies

3

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

**For C. Ramachandram & Co.**

Chartered Accountants

ICAI Firm Registration Number: 002864S

C. Ramachandram

Partner

Membership No.: 025834



Place: Hyderabad

Date: 17th August 2020

for and on behalf of the Board of Directors

**P. Prathap Reddy**

Managing Director

DIN: 00093176

**P. Venugopal Reddy**

Petturu Venugopal Reddy

Chief Financial Officer

**Bezawada Vikram**

Director

DIN: 02086809

**Raj Kumar Singh**

Company Secretary

M.No:14265

**Pioneer Cement Industries Limited**  
**CIN : U26941TG2010PLC070651**  
**Standalone Statement of Changes in Equity for the year ended March 31, 2019**  
**(All amounts in Indian Rupees, except share data and where otherwise stated)**

**a. Equity Share Capital**

	No. of shares	Amount
Balance as at March 31, 2018	12,48,61,078	1,24,86,10,780
Balance as at March 31, 2019	12,48,61,078	1,24,86,10,780
Balance as at March 31, 2020	17,48,61,078	1,74,86,10,780

**b. Other equity**

Particulars	Retained Earnings	Total equity
<b>At March 31, 2018</b>	(26,32,249)	(26,32,249)
Profit for the year	(40,34,941)	(40,34,941)
Other comprehensive income	-	-
<b>At March 31, 2019</b>	(66,67,190)	(66,67,190)
Profit for the year	(2,20,059)	(2,20,059)
<b>Balance as of 31 March 2020</b>	(68,87,249)	(68,87,249)

Summary of significant accounting policies

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

For C. Ramachandram & Co.

Chartered Accountants

ICAI Firm Registration Number: 002864S

for and on behalf of the Board of Directors

**C. Ramachandram**

Partner

Membership No.: 025834



**P. Prathap Reddy**

Managing Director

DIN: 00093176

**P. Venugopal Reddy**

Chief Financial Officer

**Bezawada Vikram**

Director

DIN: 02086809

**Raj Kumar Singh**

Company Secretary

M.No:14265

Place: Hyderabad

Date: 17th August 2020

Pioneer Cement Industries Limited  
CIN : U26941TG2010PLC070651  
Cash Flow Statement for the Year Ended 31st March, 2020  
(All amounts in Indian Rupees, except share data and where otherwise stated)

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
<b>Operating activities</b>		
Profit before tax	(2,18,892)	(40,33,630)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>	-	-
Depreciation of tangible assets	-	-
<i>Working capital adjustments:</i>		
(Increase)/ decrease in trade receivables / current assets	(31,47,00,003)	(7,04,45,820)
Increase/ (decrease) in trade payables and other liabilities	(13,49,51,274)	27,37,75,320
(Increase)/ decrease in non current assets	(5,01,50,000)	(20,00,00,000)
	<u>(50,00,20,169)</u>	<u>(7,04,130)</u>
Income tax paid	-	-
<b>Net cash flows from operating activities</b>	<u>(50,00,20,169)</u>	<u>(7,04,130)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment (including capital work in progress)	-	-
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	-	-
Interest received (finance income)	-	-
<b>Net cash flows used in investing activities</b>	<u>-</u>	<u>-</u>
<b>Financing activities</b>		
Proceeds from issue of Share capital	50,00,00,000	-
Purchase of Investments	-	-
Interest paid	-	-
<b>Net cash flows from/ (used in) financing activities</b>	<u>50,00,00,000</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	(20,169)	(7,04,130)
Cash and cash equivalents at the beginning of the year (refer note 13)	12,45,790	19,49,920
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<u>12,25,621</u>	<u>12,45,790</u>

Summary of significant accounting policies

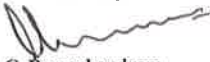
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The accompanying notes are an integral part of the standalone financial statements.  
As per our report of even date attached

**For C. Ramachandram & Co.**

Chartered Accountants

ICAI Firm Registration Number: 002864S

  
**C. Ramachandram**  
Partner  
Membership No.: 025834



for and on behalf of the Board of Directors

  
**P. Prathap Reddy**  
Managing Director  
DIN: 00093176

  
**P. Venugopal Reddy**  
Chief Financial Officer

  
**Bezawada Vikram**  
Director  
DIN: 02086809

  
**Raj Kumar Singh**  
Company Secretary  
M.No:14265

Place: Hyderabad  
Date: 17th August 2020



**Pioneer Cement Industries Limited**  
Notes forming part of the financial statements  
(All amounts in Indian Rupees, except share data and where otherwise stated)

## **A. General information**

**Pioneer Cement Industries Limited** (the Company) is a public company domiciled & incorporated with a main object of Production of Cement.

### **Basis of Accounting and preparation of financial statements.**

#### **i. Statement of Compliance**

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules 2015. .

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.

#### **ii. Functional currency**

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

#### **iii. 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. Significant accounting policies**

**Revenue recognition**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer the associated costs and possible return of can be estimated reliably.

***Dividend and interest income***

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

**Taxation**

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

**Current tax**

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

**Deferred tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary

## **Pioneer Cement Industries Limited**

### **Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

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 substantively 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.

### **Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

### **Property, plant and equipment**

#### ***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within

**Pioneer Cement Industries Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the income statement as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

*Depreciation*

Depreciation is recognized in the income statement over the estimated useful lives of property, plant and equipment determined by the management. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

The management estimates the useful lives for property plant and equipment as follows:

Description of the Asset*	Life in No. of Years
Furniture & Fixtures	6

**Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than 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 that 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 income statement 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

## **Pioneer Cement Industries Limited**

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(All amounts in Indian Rupees, except share data and where otherwise stated)

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 income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

#### **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.

#### **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 recognized 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 recognized in the period in which the change occurs.

#### **Financial instruments**

##### *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.

**Pioneer Cement Industries Limited**

**Notes forming part of the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

*Subsequent measurement*

*Non-derivative financial instruments*

- Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held with a business model whose objective to hold the asset in order 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.

- Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with a business model whose objective is achieved by collecting contractual cash flows and selling financial assets 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. Further in cases where the Company had made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- Investment in subsidiaries and associates

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

- Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

Pioneer Cement Industries Limited

Notes forming part of the standalone financial statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

4 Property, plant and equipment

Particulars	Land & Site Development	Furniture & Fixtures	Office equipment (Computers)	Total
<b>Cost</b>				
At March 31, 2019	4,68,63,984	1,05,985	40,720	4,70,10,689
Additions				-
Deletions				-
At March 31, 2020	4,68,63,984	1,05,985	40,720	4,70,10,689
<b>Accumulated depreciation</b>				
At March 31, 2019	-	1,05,985	40,720	1,46,705
Charge for the year	-	-	-	-
Less: Adjustments	-	-	-	-
At March 31, 2020	-	1,05,985	40,720	1,46,705
<b>Carrying amount</b>				
At March 31, 2020	4,68,63,984	-	-	4,68,63,984
At March 31, 2019	4,68,63,984	-	-	4,68,63,984

Pioneer Cement Industries Limited  
Notes forming part of the standalone financial statements  
(All amounts in Indian Rupees, except share data and where otherwise stated)

5 Investments	31 March 2020	31 March 2019
<b>Non-current investments</b>		
<b>Investments carried at cost</b>		
<b>Unquoted equity shares</b>		
<i>Investments in subsidiaries</i>		
97,273,440 (March 31, 2019: 97,273,440) equity shares of ₹10 each in Marwar Cements Limited	97,27,34,400	97,27,34,400
	<u>97,27,34,400</u>	<u>97,27,34,400</u>
<b>6 Loans (Unsecured, considered good unless otherwise stated)</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Current</b>		
Advances to subsidiary	38,51,45,823	7,04,45,820
	<u>38,51,45,823</u>	<u>7,04,45,820</u>
<b>7 Other assets</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Non-current assets</b>		
<i>Unsecured, considered good</i>		
Capital advances	48,64,40,633	43,64,40,633
Deposits	1,50,000	-
	<u>48,65,90,633</u>	<u>43,64,40,633</u>
<b>Current assets</b>		
<i>Unsecured, considered good</i>		
Other receivables	29,000	29,000
	<u>29,000</u>	<u>29,000</u>
<b>8 Cash and cash equivalents</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Balances with banks:		
- On current accounts	6,92,821	7,12,990
Cash on hand	5,32,800	5,32,800
<b>Total Cash and cash equivalents</b>	<u>12,25,621</u>	<u>12,45,790</u>



<b>9 Share Capital</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Authorised Share Capital</b>		
175,000,000 (March 31, 2019: 175,000,000) equity shares of Rs.10 each	<u>1,75,00,00,000</u>	<u>1,75,00,00,000</u>
<b>Issued, subscribed and fully paid-up</b>		
174,861,078 (March 31, 2019: 124,861,078) equity shares of Rs.10/- each fully paid-up	<u>1,74,86,10,780</u>	<u>1,24,86,10,780</u>
	<u>1,74,86,10,780</u>	<u>1,24,86,10,780</u>

**(a) Reconciliation of shares outstanding at the beginning and end of the reporting year**

Particulars	31 March 2020		31 March 2019	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	12,48,61,078	1,24,86,10,780	5,83,19,047	58,31,90,470
Issued during the year	5,00,00,000	50,00,00,000	6,65,42,031	66,54,20,310
Outstanding at the end of the year	17,48,61,078	1,74,86,10,780	12,48,61,078	1,24,86,10,780

**(b) Terms / rights attached to the equity shares**

Equity shares of the Company have a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. 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) Details of shareholders holding more than 5% shares in the Company**

Particulars	31 March 2020		31 March 2019	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Penna Cement Industries Limited	17,48,61,078	100.00%	12,48,61,078	100.00%

<b>10 Other equity</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Retained earnings</b>		
Opening balance	(66,67,190)	(26,32,249)
Profit/(loss) for the year	(2,20,059)	(40,34,941)
Closing balance	<u>(68,87,249)</u>	<u>(66,67,190)</u>
<b>11 Other financial liabilities</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Current</b>		
Advances from related parties	15,06,28,333	28,21,18,107
Other payables	2,39,012	37,09,512
	<u>15,08,67,345</u>	<u>28,58,27,619</u>
<b>12 Other liabilities</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Current</b>		
Statutory liabilities	9,000	-
	<u>9,000</u>	<u>-</u>

Pioneer Cement Industries Limited

Notes forming part of the standalone financial statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

13	Other income	31 March 2020	31 March 2019
	Consultancy income	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
14	Other expenses	31 March 2020	31 March 2019
	Payments to Statutory Auditors		
	- as Auditor	29,500	23,600
	Professional & Consultancy expenses	-	-
	Rates & Taxes	1,06,400	40,05,900
	Interest	65,323	
	Bank Charges	17,669	4,130
		<u>2,18,892</u>	<u>40,33,630</u>
		<u>2,18,892</u>	<u>40,33,630</u>

**Pioneer Cement Industries Limited**  
**Notes forming part of the financial statements**  
 (All amounts in Indian Rupees, except share data and where otherwise stated)

### 15. Related party transactions

a) The following table provides the name of the related party and the nature of its relationship with the Company:

Name of the Party	Relationship
Penna cement Industries Limited	Holding Company
Marwar Cements Limited	Subsidiary Company
Singha Cement (Pvt) Limited	Fellow Subsidiary

Name of the Party	Designation
Mr. P Prathap Reddy	Chairman & Managing Director
Mr. B. Vikram	Director
Mr. Petluru Venugopal Reddy	CFO
Raj Kumar Singh	Company Secretary

b) **Details of transactions with the related parties during the year:**

Particulars	31 March 2020	31 March 2019
<b>I. Transaction with Holding</b>		
Advances taken	36,85,10,226	28,16,16,222
Shares Allotted during the year	50,00,00,000	-
<b>II. Transaction with Subsidiaries</b>		
Advances Given	31,47,00,003	7,61,02,750

c) Details of balances receivable from and payable to related parties are as follows:

Particulars	31 March 2020	31 March 2019
<b>I. Balance receivable / (Payable) from subsidiaries</b>		
Marwar Cement Industries Limited	38,51,45,823	7,04,45,820
<b>II. Balances (Payable) / Receivable to Holding</b>		
Penna Cement Industries Limited	15,06,28,333	28,21,18,107

d) **Terms and conditions of transactions with related parties:**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. 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.

**Pioneer Cement Industries Limited**  
**Notes forming part of the financial statements**  
(All amounts in Indian Rupees, except share data and where otherwise stated)

**16. Earnings per share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2020	31 March 2019
Profit / (Loss) after tax attributable to shareholders	(2,20,059)	(40,34,941)
Weighted average number of equity shares of INR 10 each outstanding during the period used in calculating basic and diluted EPS	17,48,61,078	12,48,61,078
Earnings Per Share	(0.001)	(0.032)

**17. Commitments and contingencies**

Contingent Liabilities: Nil

18. Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2020.

**As per our Report of even date**

**For and on behalf of the Board of Directors**

**For C. Ramachandram & Co.**  
Chartered Accountants


  
**C. Ramachandram**  
Partner  
Membership No: 02583  
F.R. No. 002864S



  
**P. Prathap Reddy**  
Managing Director  
DIN: 00093176

  
**Bezawada Vikram**  
Director  
DIN:02086809

  
**Petluru Venugopal Reddy**  
Chief Financial Officer

  
**Raj Kumar Singh**  
Company Secretary

**Place:** Hyderabad  
**Date:** 17<sup>th</sup> August 2020