INDEPENDENT AUDTOR'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, 2021, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year 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, 2021, 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 evidence obtained by us 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 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 1.1 of the standalone financial statements. Revenue is measured net of discounts, incentives, rebates etc. given to the customers on the Company's sales. •The Company's presence across different marketing regions within the country and the competitive business environment makes the assessment of various types of discounts, incentives and rebates as complex and judgmental. • Therefore, there is a risk of revenue being misstated as a result of variations in the assessment of discounts, incentives and rebates. • Given the complexity and judgement required to assess the provision for discounts, incentives and rebates, this is a key audit matter.	Our audit procedures included: •We have assessed the Company's accounting policies relating to revenue, discounts, incentives and rebates by comparing with applicable accounting standards. •We have assessed the design and implementation and tested the operating effectiveness of Company's internal controls over the provisions, approvals and disbursements of discounts, incentives and rebates. •We have assessed the Company's computations for accrual of discounts, incentives and rebates, on a sample basis, and compared the accruals made with the approved schemes and underlying documents. •We have verified, on a sample basis, the underlying documentation for discounts, incentives and rebates recorded and disbursed during the year. • We have compared the historical trend of payments and reversal of discounts, incentives and rebates to provisions made to assess the current year accruals. •We have examined the manual journals posted to discounts, rebates and incentives to identify unusual or irregular items.
	Regulations - Litigations and claims [Refer note 26 to the standalone financial statements] • The Company operates in various states within India and is exposed to different Central and State/Local laws, regulations and interpretations thereof. In this regulatory environment, there is an inherent risk of litigations and claims. • Consequently, provisions and contingent liability disclosures may arise from indirect tax proceedings, legal proceedings, including regulatory and other government/ department proceedings, as well as investigations by	Our audit procedures included: • We have gained an understanding of outstanding litigations against the Company from the Company's inhouse legal counsel and other key managerial personnel who have knowledge of these matters. • We have read the correspondence between the Company and the various tax/legal authorities and the legal opinions of external legal advisors, where applicable, for significant matters. • We have tested the completeness of the litigations and claims by examining, on a sample basis, the Company's legal

	authorities and commercial claims. • The Company applies significant judgement in estimating the likelihood of the future outcome in each case and in determining the provisions or disclosures required for each matter. • Resolution of tax and legal proceedings may span over multiple years due to the highly complex nature and magnitude of the legal matters involved and may involve protracted negotiation or litigation. • These estimates could change significantly over time as new facts emerge and each legal case progresses. • Given the inherent complexity and magnitude of potential exposures and the judgement necessary to estimate the amount of provisions required or to determine required disclosures, this is a key audit matter	expenses and minutes of the board meetings. • We have challenged the Company's estimate of the possible outcome of the disputed cases based on applicable tax laws and legal precedence by involving our tax specialists. • We have assessed the adequacy of the Company's disclosures in respect of contingent liabilities for tax and legal matters

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.
- 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 the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

- 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.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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.

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
UDIN: 21025834AAAAMC5652

Place: Hyderabad
Date: 15th April, 2021

Annexure - A to the Auditors' Report

Annexure referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of the Independent Auditors' Report of even date of Penna Cement Industries Limited, on the standalone financial statements for the year ended March 31, 2021.

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

We have audited the internal financial controls over financial reporting of Penna Cement Industries Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting.

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that
(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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, 2021, 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
UDIN : **21025834AAAAMC5652**

Place: Hyderabad
Date: 15th April, 2021

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, 2021.

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 Company as 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. The inventory, except for goods-in-transit and stocks lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipts have been verified or confirmations have been obtained from the parties. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.

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.6.14 Crores (Three Parties)

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 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, 2021 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, 2021 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 the Banks, 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.

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
UDIN : **21025834AAAAMC5652**

Place: Hyderabad
Date: 15th April, 2021

Annexure-C

Annexure referred to in paragraph under vii (b) of Annexure B to the Auditors' Report

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	Disallowance under Section 37 and 14A	3.79	Assessment year 2013-14	High Court-Hyderabad (A)
	Disallowance under Section 37 and 14A	4.92	Assessment year 2014-15	High Court-Hyderabad (A)
Excise Duty	Industrial/Institutional sale	0.89	April -07 to Feb-09	Commissioner, Hyderabad
		0.35	Mar-12 to Jan-13	Supreme Court
		0.47	2009-10 to 2013-14	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
	Cenvat Credit of Excise & Service Tax	19.90	Feb-09 to Mar-10	Jurisdiction of High court, Hyderabad.
Service Tax	Cenvat Credit of Excise & Service Tax	0.43	2020-21	Commissionarate, Chalarudy
	Penalty for Entry Tax on Dumper 2006-07 & 2007-08	0.80	2006-07, 2007-08	High court of AP
Sales Tax	TNGST 1996-97- Excess of Stock transfer price over sale price	0.01	1996-97	High court of Tamilnadu
	Entry Tax on goods	0.46	2014-15 to 2017-18	High court of AP.
	Interest on Sales Tax Deferment	1.07	2001-02	High court of AP
	Total	**70.22**		

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

Penna Cement Industries Limited

Standalone Balance Sheet as at 31.03.2021

Amount in ₹ crores unless otherwise stated

Particulars	Note No.	As At 31.03.2021	As At 31.03.2020
ASSETS			
NON CURRENT ASSETS			
a) Property, Plant and Equipment	**2**	2,424.79	1,811.77
b) Capital work-in-progress		187.39	726.20
c) Other Intangible Assets		0.14	0.15
d) Right to use Assets		9.43	2.83
d) Financial Assets			
i) Investments	**3**	277.51	218.70
ii) Loans	**5**	23.13	99.75
e) Other Non Current Assets	**6**	55.61	40.75
Total Non Current Assets		**2,978.00**	**2,900.15**
CURRENT ASSETS			
a) Inventories	**7**	317.78	412.89
b) Financial Assets			
i) Trade Receivables	**4**	182.19	187.42
ii) Cash and Cash Equivalents	**8**	83.54	2.03
iii) Bank balances other than (ii) above	**8**	14.58	13.75
iv) Other financial Assets	**9**	22.41	22.33
c) Other Current Assets	**6**	69.15	80.88
Total Current Assets		**689.64**	**719.30**
Total Assets		**3,667.65**	**3,619.45**
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
a) Equity Share Capital	**10**	133.80	133.80
b) Other Equity	**11**	1,021.89	883.54
Total Equity		**1,155.69**	**1,017.34**
NON CURRENT LIABILITIES			
a) Financial Liabilitiess			
i) Borrowings	**12**	916.15	1,040.24
ii) Other Financial Liabilities	**14**	501.65	595.34
b) Provisions	**15**	8.72	6.78
c) Deferred Tax Liabilites (Net)	**16**	267.22	234.07
Total Non current liabilities		**1,693.73**	**1,876.43**
CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	**18**	233.49	246.97
ii) Trade Payables			
-Payable to Micro, Medium and Sma	**13**	5.59	1.80
-Others	**13**	123.85	148.74
iii) Other Financial Liabilities	**14**	245.31	231.61
b) Provisions	**15**	5.30	3.66
c) Other Current Liabilities	**17**	160.31	83.57
d) Current Tax Liabilities		44.38	9.34
Total current liabilities		**818.23**	**725.68**
Total Equity and liabilities		**3,667.65**	**3,619.45**

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.	for and on behalf of the Board of Directors	
Chartered Accountants		
ICAI Firm Registration Number: 002864S		
C. Ramachandram	**P. Prathap Reddy**	**D L Kantham**
Partner	Managing Director	Director
Membership No.: 025834	DIN: 00093176	DIN: 00822385
Place: Hyderabad	**Petluru Venugopal Reddy**	**Raj Kumar Singh**
Date: 15th April 2021	Chief Financial Officer	Company Secretary

Penna Cement Industries Limited

Standalone Statement of Profit and Loss for the year ended 31.03.2021

Amount in ₹ crores unless otherwise stated

Particulars	Note No	For the Period Ended 31.03.2021	For the Period Ended 31.03.2020
REVENUE			
Revenue from Operations	**19**	2,403.18	2,123.74
Other Income	**20**	120.35	6.40
Total Revenue		**2,523.53**	**2,130.14**
EXPENSES			
Cost of materials consumed	**21**	352.76	339.51
Purchases of stock-in-trade		1.93	2.91
Changes in inventories of finished goods & Stock in Process	**22**	20.08	(23.29)
Employee benefit expenses	**23**	115.97	107.97
Finance Costs	**24**	228.06	185.15
Depreciation and amortization expenses	**2**	142.84	120.78
Freight & Forwarding Expenses		597.03	603.70
Other expenses	**25**	840.22	759.72
		2,298.89	**2,096.45**
Less: Captive Consumption of Cement		(0.87)	(3.75)
Total Expenses		**2,298.02**	**2,092.70**
Profit Before Tax Expenses		**225.50**	**37.45**
Tax Expense :			
Current Tax		44.38	9.34
Prior Period Tax Adjustment		1.92	(1.06)
MAT Credit Entitlement		(20.03)	(8.94)
Deferred Tax Expense / (Income)		51.68	14.18
Total Tax Expenses		**77.94**	**13.52**
Profit for the period		**147.56**	**23.93**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement (gain) / Loss of the defined benefit plans		0.80	1.04
Fair value (gain) / Loss on Equity Instruments through OCI (FVTOCI)		(0.47)	-
Tax effect		-	
Other Comprehensive (Income) / loss for the year, net of tax		0.34	1.04
Total Comprehensive income for the period		**147.22**	**22.89**
Earnings per equity share (EPS)			
-Basic		**11.03**	**1.79**
-Diluted		**11.03**	**1.79**

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

D L Kantham
Director
DIN: 00822385

Place: Hyderabad
Date: 15th April 2021

Petluru Venugopal Reddy
Chief Financial Officer

Raj Kumar Singh
Company Secretary

Penna Cement Industries Limited
Standalone Statement of changes in equity as at 31.03.2021

I. EQUITY SHARE CAPITAL

Particulars	No. of Shares	Rs.in Crores
Outstanding at 31st March 2019	13,38,00,000	133.80
Shares issued during the year	-	-
Outstanding at 31st March 2020	13,38,00,000	133.80
Shares issued during the year	-	-
Outstanding at 31st March 2021	13,38,00,000	133.80

II. OTHER EQUITY

Amount in ₹ crores unless otherwise stated

Particulars	Reserves & Surplus			Items of Other Comprehensive Income	Total
	Debenture Redemption reserve	General Reserve	Retained Earnings	Equity instruments through OCI	
At March 31, 2019	**14.00**	**35.00**	**834.77**	**(5.89)**	**877.88**
Profit for the year			23.93		23.93
IND AS 116 Adjustment done in Opening Reserves			(0.93)		(0.93)
Transfer of Debenture redemption reserve to retained earnings	(14.00)		14.00		-
Dividend paid (including Dividend Distribution Tax)			(16.30)		(16.30)
Other comprehensive income					
Re-measurement of gain/(loss) on defined benefit plans			(1.04)		(1.04)
At March 31, 2020	**-**	**35.00**	**854.43**	**(5.89)**	**883.54**
Profit for the year			147.56		147.56
IPO Expenses adjusted			(8.88)		(8.88)
Other comprehensive income					
Re-measurement of gain/(loss) on defined benefit plans			(0.80)		(0.80)
Fair value (gain) / Loss on Equity Instruments through OCI (FVTOCI)				0.47	0.47
At March 31, 2021	-	35.00	992.31	(5.42)	**1,021.89**

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
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Place: Hyderabad
Date: 15th April 2021

Petluru Venugopal Reddy
Chief Financial Officer

Raj Kumar Singh
Company Secretary

Penna Cement Industries Limited
Standalone Cash flow statement

Amount in ₹ crores unless otherwise stated

Particulars	As At 31.03.2021	As At 31.03.2020
A. Cash Flow from Operating Activities		
Net Profit before Tax	225.50	37.45
Adjustments for:		
Depreciation	142.84	120.78
Interest Expenses	199.45	161.70
Unwinding of Interest	28.61	23.45
Provision for Doubtful Debts	2.56	0.43
Provision for Retirement Benefits	2.04	3.21
Foreign exchange (Gain)/Loss	(3.66)	6.25
(Profit) / Loss on Sale of plant & equipment	(0.01)	(1.99)
(Profit) / Loss on Sale of Investments	(118.44)	-
Fair valuation of Investments	-	-
Interest Income	(1.90)	(4.41)
Operating Profit before Working Capital Charges	**477.00**	**346.86**
Movement of Working Capital		
Increase / (Decrease) in Trade payable & Other Liabilities	39.36	(12.15)
(Increase) / Decrease in Trade Receivables	2.67	(41.86)
(Increase) / Decrease in Inventories	95.11	(41.78)
(Increase) / Decrease in Other current assets	3.46	63.78
Cash Generated from Operations	**617.60**	**314.85**
Income Tax Paid	(9.72)	(5.66)
Net Cash from operating activities (A)	**607.87**	**309.19**
B. Cash Flow from investing activities		
Capital expenditure on Property, Plant & Equipment and Intangible Assets (including capital advances)	(223.67)	(61.88)
Sale of Property, Plant & Equipment	0.04	2.35
Investment in Subsidiary	(74.94)	(75.05)
Purchase of Investments	(176.87)	
Sale of Investments	311.90	-
Increase / (Decrease) Non Current Liabilities & Provisions	(104.72)	44.78
(Increase) / Decrease in Non current Loans	61.75	1.45
Interest Income	1.90	4.41
Net Cash used in investing activities (B)	**(204.61)**	**(83.94)**
C. Cash Flow from Financing Activities		
Proceeds from Long term Borrowings	70.28	7.39
Repayment of long term Borrowings	(192.60)	(115.69)
Dividend & Dividend Tax paid	-	(16.30)
Interest Paid	(199.45)	(161.70)
Net Cash used in financing activities(C)	**(321.76)**	**(286.30)**
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	**81.50**	**(61.04)**
Cash and Cash Equivalents - Opening Balance	2.03	63.08
Cash and Cash Equivalents - Closing Balance	83.54	2.03

Reconciliation of liabilities from financing activities

Amount in ₹ crores unless otherwise stated

Particulars	Long Term Borrowings (including current portion)	Short Term Borrowings	Total
As on 31st March 2020	**1,223.09**	**246.97**	**1,470.06**
Proceeds during the year	70.28	(13.48)	56.80
Repayment	(192.60)		(192.60)
Fair value changes	17.68		17.68
As on 31st March 2021	**1,118.47**	**233.49**	**1,351.96**

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

C. Ramachandram
Partner
Membership No.: 025834

Place: Hyderabad
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for and on behalf of the Board of Directors

P. Prathap Reddy
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Chief Financial Officer

Raj Kumar Singh
Company Secretary

COMPANY OVERVIEW & SIGNIFICANT POLICIES

A. Company overview

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

B. Basis of preparation of financial statements

B.1. Statement of Compliance

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

The financial statements were authorized for issue by the Company’s Board of Directors on 15th April 21

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 except the sales tax deferment loan measured at measured at fair value through profit or loss.

Assets held for disposal are measured at the lower of carrying cost or the fair value less cost of sales.

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, 2021 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 subsidiaries and associate companies

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

During the year, the Company assessed the investment in equity instrument of subsidiaries 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. Note -1 continued - 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 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 of "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

The Ministry of Corporate Affairs has notified Indian Accounting Standard 116 ('Ind AS 116'), Leases, with effect from April 1, 2019. The Company has adopted the Standard with effect from the date of initial application i.e. April 1, 2019, using the modified retrospective method under the transitional provisions of the Standard. As a result, the Company has recognised right of use asset and corresponding lease liability. Further, expense towards such lease is now recorded as depreciation on right of use assets and finance costs on lease liability, instead of rent.

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 re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Hedge / Derivative Financial Instruments

The Company enters into derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross-currency swaps to manage its exposure to interest rate, foreign exchange rate risks and commodity prices. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately excluding derivatives designated as cash flow hedge.

1.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

1.5 Taxation

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

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

The Government of India, on 20/09/2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAB in the Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions defined in the said section. The Company is continuing to provide for income tax at old rates, based on the available outstanding MAT credit entitlement and various exemptions and deductions available to the Company under the Income Tax Act, 1961. Further, the Company has continued to apply the present applicable income tax rates on the deferred tax assets/ liabilities that are expected to be realized or settled in the future period.

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.

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.

Mining rights are amortized over the lease period.

1.11 Inventories

Inventories are valued as follows:
• Raw materials, fuel, stores & spare parts and packing materials:
Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

• Work-in- progress (WIP), finished goods and stock-in-trade:
Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

1.12 Cash and cash equivalents

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

1.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

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 therisks 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 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 per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

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

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

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

C. Derecognition

Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.
If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

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

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

e. Impairment
The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit- impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.
The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.
12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Company recognize the expected credit loss of receviables , at 100% of the carrying amount which are overdue by more than 180 days and in respect of which either legal action is not feasible or when there is no realistic prospect of recovery , where a legal action has been initiated .
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.

1.23 COVID-19

As India and the world come together to fight the impact of the crisis caused by COVID-19, the Company is making every effort to tide over the turbulence.

The spread of COVID-19 has severely impacted business in many countries including India and there have been severe disruption to regular business operations due to lockdown and other emergency measures. This may impact the Company's operations in certain geographies. The Company has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its subsidiaries including possible obligations arising from any ongoing negotiations with customers, vendors and regulatory exposures across businesses and geographies and has concluded that there is no material adjustments required in the financial results. The management believes that it has assessed and taken all the possible impacts known from these events, wherever possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which Company operates, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial results.

The Company continues to retain the precautionary arrangements with regard to enabling social distancing, providing a sanitized work environment and providing protective equipment as necessary, in all the plants , terminals and offices. The Company continues adopt the provisions of the standard operating procedure (SOP) announced by the Ministry of Home Affairs, Government of India.

Penna Cement Industries Limited

Standalone notes for the period ended 31.03.2021

Amount in ₹ crores unless otherwise stated

NOTE – 2

PROPERTY, PLANT & EQUIPMENT **										OTHER INTANGIBLE ASSETS			RIGHT TO USE	
Particulars	**Freehold**	**Buildings**	**Plant & Equipment**	**Vessel**	**Railway Siding**	**Furniture**	**Office Equipment**	**Vehicles**	**Total**	**Soft ware**	**Mining Rights**	**Total**	**Right to use Assets**	**Total**
Cost														
As at 31-03-2020	**118.36**	**613.69**	**1,793.72**	**147.82**	**105.58**	**1.41**	**12.68**	**27.29**	**2,820.55**	**4.03**	**0.18**	**4.21**	**3.58**	**3.58**
Additions	0.76	184.01	549.69	-	20.63	-	0.43	0.25	755.77	-	-	**-**	-	**-**
Disposals	-	-	-	-	-	-	-	0.20	0.20	-	-	**-**	-	**-**
As at 31-03-2021	**119.12**	**797.70**	**2,343.41**	**147.82**	**126.21**	**1.41**	**13.11**	**27.34**	**3,576.12**	**4.03**	**0.18**	**4.21**	**3.58**	**3.58**
Depreciation														
As at 31-03-2020	**-**	**125.53**	**813.35**	**9.55**	**40.84**	**1.08**	**6.71**	**11.72**	**1,008.78**	**4.03**	**0.03**	**4.06**	**0.76**	**0.76**
Charge for the year	-	8.00	120.67	5.93	5.14	0.04	0.64	2.29	142.71	-	0.01	**0.01**	0.12	**0.12**
Disposals	-	-	-	-	-	-	-	0.17	0.17	-	-	**-**	-	**-**
As at 31-03-2021	**-**	**133.53**	**934.02**	**15.48**	**45.98**	**1.12**	**7.35**	**13.84**	**1,151.32**	**4.03**	**0.04**	**4.07**	**0.88**	**0.88**
Net Block														
As At 31-03-2020	**118.36**	**488.16**	**980.37**	**138.27**	**64.74**	**0.33**	**5.97**	**15.57**	**1,811.77**	**-**	**0.15**	**0.15**	**2.82**	**2.82**
As At 31-03-2021	**119.12**	**664.17**	**1,409.39**	**132.34**	**80.23**	**0.29**	**5.76**	**13.50**	**2,424.79**	**-**	**0.14**	**0.14**	**2.70**	**2.70**

CAPITAL WORK-IN-PROGRESS				
Particulars	**Civil Work-in-Progress**	**Plant &Equipment**	**Pre-Operative Expenses**	**Total****
As At 31-03-2020	**8.51**	**697.35**	**20.34**	**726.20**
As At 31-03-2021	**0.54**	**179.45**	**7.40**	**187.39**

@ Details of Preoperative Expenses

Particulars	**As at 31-03-2021**	**As at 31-03-2020**
Salary & Wages	1.73	6.54
Consultancy	0.02	0.07
Rents	0.18	0.71
Others	5.47	13.02
Total	**7.40**	**20.34**

******Includes borrowing cost of Rs. 16.35 Crores capitalized during the year 2020-21 (Previous year: Rs. 52.60 crores)**

All Property, plant andequipment are subject to a first charge to the Company' s Secured Long-Term Borrowingsand second charge to the company' scurrent borrowings.

Amount in ₹ crores unless otherwise stated

NOTE -3	As At 31.03.2021	As At 31.03.2020
NON-CURRENT INVESTMENTS		
Unquoted equity shares		
Investments in subsidiaries at amortised cost		
249,801,540 (March 31, 2020: 174,861,078) equity shares of Rs.10 each in Pioneer Cement Industries Limited (100%)	**249.80**	**174.86**
53,94,21,660 (March 31, 2020: 53,94,21,660) equity shares of LKR 3.50 each in Singha Cement (Pvt) Ltd. (100%)	**25.08**	**25.08**
Investments in associates at amortised cost		
Current year: Nil (March 31, 2020: 13,200,000) equity shares of Rs.10 each in Parasakti Cement Limited	**-**	**16.60**
Investments carried at Fair Value Through Other Comprehensive Income (FVTOCI)		
Unquoted equity shares		
536,000 (March 31, 2020: 536,000) equity shares of Rs.10 each in Andhra Pradesh Gas Power Corporation Limited	**2.63**	**2.16**
Total	**277.51**	**218.70**
Investments carried at cost - Unquoted equity shares in Subsidiaries and Associates	**274.88**	**216.54**
Investments carried at (FVTOCI) - Unquoted equity shares in Others	**2.63**	**2.16**

During the year end 31st Mar 21 , the Company has sold 1,32,00,000 equity shares of Rs10 each in Parasakti Cement Industries Limited , for a consideration of Rs 250 Crores to Turbotech Constructions Private Limited

During the year end 31st Mar 21 , Company has been allotted 17,68,66,284 equity shares of face value of Rs 10 each by Anrak Aluminum Limited (AAL) .

These shares were allotted against (i) an amount paid by the Company (Rs99.85 crs) pursuant to an agreement with an erstwhile preference shareholder(L&T Infrastructure Ltd) of AAL which was subsequently transferred to PCIL Power & holdings Limited during the de-merger in an earlier year and (ii) the amount paid by the Company in an earlier period (Rs77.01 crs)post de-merger pursuant to the said agreement with an erstwhile preference shareholder (L&T Infrastructure Ltd) of AAL .

Company, subsequently, sold these shares to PR Energy Holdings Ltd, for a consideration of Rs 61.90 crs .

NOTE -4	As At 31.03.2021	As At 31.03.2020
TRADE RECEIVABLES		
Secured, Considered good	2.98	7.24
Unsecured, Considered good*	183.66	182.08
Less: Provision for doubtful receivables	(4.46)	(1.89)
Total	**182.19**	**187.42**

*include related parties of Rs 21.44 Crores (Previous year: Rs.23.59 Crores)

NOTE -5	As At 31.03.2021	As At 31.03.2020
LOANS (Unsecured, Considered Good)		
NON-CURRENT		
Security Deposits	23.13	19.98
Advance for Investment	-	79.77
Total	**23.13**	**99.75**

NOTE -6	As At 31.03.2021	As At 31.03.2020
OTHER ASSETS (Unsecured, considered good)		
Non-current		
Capital advances	23.26	7.54
Prepaid Expenses	32.35	33.21
Total	**55.61**	**40.74**
Current		
Advances to Suppliers and others*	54.41	52.05
Prepaid Expenses **	7.80	15.84
Balances with Government Authorities	6.94	12.99
Total	**69.15**	**80.88**

Amount in ₹ crores unless otherwise stated

*Includes related parties of Rs. 6.14 Crores (Previous year: Rs.22.76 Crores)

** Includes expenses of Rs. 0.32 Crores (Previous year: Rs. 8.88 Crores relating earlier Draft Red Herring Prospectus (DRHP) filing, has been adjusted to Reserves & Surplus) incurred towards the proposed IPO (Initial Public Offering) and the same to be adjusted against the equity upon the completion of IPO.
The company is in the process of refiling of DRHP with the stock exchanges / SEBI

NOTE -7	As At 31.03.2021	As At 31.03.2020
INVENTORIES		
(Valued at lower of Cost or net realizable value, unless otherwise stated)		
Raw Materials	15.66	28.07
Fuel	67.44	157.81
Work-in-Progress	52.64	68.16
Finished Goods	4.95	9.51
Stores & Spares	170.83	143.51
Packing Material	6.27	5.83
Total	**317.78**	**412.89**

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 Long term borrowings with Yes Bank Ltd, L&T Finance Ltd, L&T Infrstructure Finance Co.Ltd and Hero FinCorp Ltd.

NOTE -8	As At 31.03.2021	As At 31.03.2020
CASH AND CASH EQUIVALENTS		
Balance with Banks		
- In Current Account	53.45	1.83
- In Fixed deposits having maturity less than 3 months	30.00	-
Cash on Hand	0.08	0.21
Total	**83.54**	**2.03**
Bank Balance Other than Cash & Cash Equivalents		
Deposits held as Margin Money for Bank Guarantees / LC's	14.58	13.75
Total	**14.58**	**13.75**

NOTE -9	As At 31.03.2021	As At 31.03.2020
OTHER FINANCIAL ASSETS		
Security deposits	19.95	20.15
Interest income accrued but not due	2.46	2.17
Total	**22.41**	**22.33**

NOTE -10	As At 31.03.2021	As At 31.03.2020
SHARE CAPITAL:		
Authorised:		
20,00,00,000(As at 31 March, 2020; 20,00,00,000) Equity Shares of Rs.10/- each	200.00	200.00
Issued, Subscribed and Paid Up:		
13,38,00,000 (As at 31 March, 2020; 13,38,00,000) Equity Shares of Rs.10/- each fully paid up	133.80	133.80
Total	**133.80**	**133.80**

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

Particulars	No. of Shares	Rs.in Crores
Outstanding at 31st March 2019	13,38,00,000	133.80
Shares issued during the year	-	-
Outstanding at 31st March 2020	13,38,00,000	133.80
Shares issued during the year	-	-
Outstanding at 31st March 2021	13,38,00,000	133.80

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.

Amount in ₹ crores unless otherwise stated

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

Particulars	As At 31.03.2021	
	No. of Shares held in the Company	% of Shares
1. Shri. P. Prathap Reddy	1,36,35,000	10.19
2. M/s P. R. Cement Holdiings Ltd	4,47,01,100	33.41
3. Shri. P. Prathap Reddy, Partner, Pioneer Builders	7,00,94,800	52.39

Particulars	As At 31.03.2020	
	No. of Shares held in the Company	% of Shares
1. Shri. P. Prathap Reddy	1,36,35,000	10.19
2. M/s P. R. Cement Holdiings Ltd	4,47,01,100	33.41
3. Shri. P. Prathap Reddy, Partner, Pioneer Builders	7,00,94,800	52.39

NOTE -11	As At 31.03.2021	As At 31.03.2020
OTHER EQUITY		
Debenture Redemption Reserve		
Opening Balance	-	14.00
Add: Additions during the year		
Less: Transferred to Retained earnings		(14.00)
Closing Balance – a	**-**	**-**
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)	(5.89)
Add: Profit during the year	0.47	-
Closing Balance – c	**(5.42)**	**(5.89)**
Retained earnings		
Opening Balance	854.43	834.77
Add: Profit for the year	147.56	23.93
Less: IND AS 116 Adjustment in opening reserves	-	(0.93)
Less: IPO Expenses adjusted	(8.88)	-
Add: Transferred from Debenture Redemption Reserve	-	14.00
Less: Dividend Paid	-	(16.30)
Other comprehensive income, net of tax	(0.80)	(1.04)
Closing balance – d	**992.31**	**854.43**
Total – Reserves & Surplus (a+b+c+d)	**1,021.89**	**883.54**

NOTE -12	As At 31.03.2021	As At 31.03.2020
Non Current		
Secured – at amortised cost		
Term loans		
- from banks	593.39	660.37
- from others	275.21	307.35
Unsecured – at fair value through profit or loss		
Sales tax deferment loan	47.55	72.52
Total	**916.15**	**1,040.24**
Current		
Secured – at amortised cost		
Loans repayable on demand		
- from banks	111.86	80.49
- from others	52.97	36.46
Unsecured – at fair value through profit or loss		
Sales tax deferment loan	37.48	65.89
Total	**202.31**	**182.84**

All Secured Long-Term Borrowings except SREI Equipment Finance Limited(SREI) are secured by way of first charge, having pari-passu rights, on the Company's immovable assets , both present and future and further secured by way of second charge on the movable assets of the Company, both present and future , in favour of Company's lenders/trustees.

All Secured Long-Term Borrowings except SREI are further secured by Spring lien pledge of 30% equity shares of the company held by the promoters and the personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director of the Company.

Loan from SREI is secured by a specific charge of the assets funded by SREI

Amount in ₹ crores unless otherwise stated

NOTE -13	As At 31.03.2021	As At 31.03.2020
TRADE PAYABLES		
Current		
Total outstanding dues of creditors of micro enterprises and small enterprises	5.59	1.80
Total outstanding dues of other creditors*	123.85	148.74
Total	**129.44**	**150.54**

* a) The above trade payables includes an amount of Rs. 104.90 Crores (previous year Rs.94.85 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.7.51 Crores)

NOTE -14	As At 31.03.2021	As At 31.03.2020
OTHER FINANCIAL LIABILITIES		
Non-current		
Security Deposits received	162.19	249.15
Capital creditors	328.76	331.43
Liability of Port lands Lease	10.70	3.93
Interest accrued but not due on borrowings	-	10.83
Total	**501.65**	**595.34**
Current		
Current maturities of long-term debt (refer note -12)	202.31	182.84
Interest accrued but not due on borrowings	8.05	1.97
Other payables *	26.67	39.15
Payable to employees	8.27	7.64
Total	**245.31**	**231.61**

* includes related parties of Rs. 3.38 Crores (previous year Rs.0.23 Crores)

NOTE -15	As At 31.03.2021	As At 31.03.2020
PROVISIONS		
Non – current		
Employee Benefits		
- Leave Encashment	5.80	4.67
- Gratuity	2.45	1.69
Mines Restoration*	0.47	0.42
Total	**8.72**	**6.78**
Current		
Employee Benefits		
- Leave Encashment	2.19	1.52
- Gratuity	3.11	2.14
Total		
Total	**5.30**	**3.66**

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

Particulars	As At 31.03.2021	As At 31.03.2020
Mines Restoration Fund		
Opening Balance	0.42	0.38
Add: Unwinding of Interest for the year	0.05	0.04
Closing Balance	**0.47**	**0.42**

NOTE -16	As At 31.03.2021	As At 31.03.2020
A. DEFERRED TAX ASSET		
Unwinding interest on long term liabilities	-	5.55
Provision allowed under income tax on payment basis	4.73	0.27
Losses under IT Act	15.21	7.11
IPO Expenses	3.21	3.11
Total	**23.15**	**16.04**
B. DEFERRED TAX LIABILITIES		
Unwinding interest on long term liabilities	**2.52**	**-**
Tangible and Intangible Assets	332.30	276.03
Total	**334.82**	**276.03**
C. MAT Credit Entitlement	**44.45**	**25.92**
Net Deferred Tax Liability (B-A-C)	**267.22**	**234.07**
Deferred tax liability recognised throgh statement of profit and loss *(31.03.2021 (B-A) - 31.03.2020 (B-A))*	51.68	14.18

Amount in ₹ crores unless otherwise stated

NOTE -17	As At 31.03.2021	As At 31.03.2020
OTHER CURRENT LIABILITIES		
Advances received from customers	5.13	4.42
Statutory liabilities	118.55	71.03
Advances received from Related Parties	36.63	8.12
Total	**160.31**	**83.57**

Note-18	As At 31.03.2021	As At 31.03.2020
CURRENT BORROWINGS		
Secured, amortised cost		
Loans payable on demand from Banks	233.49	246.97
Total	**233.49**	**246.97**

The above 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.

They are further secured bythe Corporate guarantee from M/s PCIL Power and Holdings Limited.

Penna Cement Industries Limited
Standalone notes for the period ended 31.03.2021

Amount in ₹ crores unless otherwise stated

NOTE -19	For the Period Ended 31.03.2021	For the Period Ended 31.03.2020
REVENUE FROM OPERATIONS		
Revenue from		
-Sale of goods	2,395.89	2,113.46
-Sale of Power	0.34	8.95
Other Operating Income		
-Sale of scrap & Other claims / incentives	6.94	1.33
Total	**2,403.18**	**2,123.74**

NOTE -20	For the Period Ended 31.03.2021	For the Period Ended 31.03.2020
OTHER INCOME		
Profit on Sale of Investments / Plant & Equipment	118.45	1.99
Interest Income	1.90	4.41
Total	120.35	6.40

NOTE -21	For the Period Ended 31.03.2021	For the Period Ended 31.03.2020
COST OF MATERIALS CONSUMED		
- Limestone	123.06	109.45
- Bauxite	60.55	48.11
- Iron Ore	5.53	6.42
- Gypsum	34.04	35.65
- Slag	10.38	8.46
- Fly Ash	41.85	43.78
- Coal for Power Generation	77.35	87.62
Total	**352.76**	**339.51**

Penna Cement Industries Limited
Standalone notes for the period ended 31.03.2021

Amount in ₹ crores unless otherwise stated

NOTE -22	For the Period Ended 31.03.2021	For the Period Ended 31.03.2020
Changes in inventories of finished goods & Stock in Process		
Closing Stock		
-Finished Goods	4.95	9.51
-Stock - in - Process	52.64	68.16
Total Closing Stock	**57.59**	**77.67**
Opening Stock		
-Finished Goods	9.51	**9.07**
-Stock - in - Process	68.16	**45.31**
Total Closing Stock	**77.67**	**54.38**
(Increase)/ Decrease in Finished Goods and Stock-in-process	**20.08**	**(23.29)**

NOTE -23	For the Period Ended 31.03.2021	For the Period Ended 31.03.2020
EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	103.76	93.21
Contribution to PF, ESI	6.81	6.48
Staff Welfare Expenses	5.40	8.28
Total	**115.97**	**107.97**

NOTE -24	For the Period Ended 31.03.2021	For the Period Ended 31.03.2020
FINANCE COSTS		
Interest on Term Loans	139.07	108.64
Interest on Debentures	-	0.35
Interest on Working Capital	29.94	23.20
Bank Charges	31.74	24.99
Other Borrowing Cost	28.61	23.45
(Gain) / Loss on Foreign Currency Transactions	(1.30)	4.52
Total	**228.06**	**185.15**

Penna Cement Industries Limited
Standalone notes for the period ended 31.03.2021

Amount in ₹ crores unless otherwise stated

NOTE -25	For the Period Ended 31.03.2021	For the Period Ended 31.03.2020
OTHER EXPENSES		
Power & Fuel	596.46	523.60
Stores & Spares Consumed	34.42	38.92
Packing Material Consumed	72.49	63.06
Repairs & Maintenance		
-Plant & Equipment	24.84	29.77
-Buildings	6.29	4.20
-Others	8.53	7.43
Rent	11.15	11.75
Insurance	6.96	6.14
Director's Sitting Fees	0.07	0.06
Auditors' Remuneration	0.31	0.23
Printing & Stationery	0.17	0.25
Communication Cost	1.01	1.10
Directors Travelling Expenses	0.34	0.75
Others Travelling Expenses	1.88	4.31
Conveyance Expenses	5.07	4.89
Professional & Legal Expenses	9.06	9.41
Rates & Taxes	6.41	6.18
Security Service Charges	8.28	9.66
Office Maintenance	9.35	7.83
Provision for doubtful receivables	2.56	0.43
Other Expenses	4.66	3.57
Corporate Social Responsibility Expenses	5.53	3.87
Advertisement & Publicity	7.56	7.79
Commission on Sales	16.80	14.54
Total	**840.22**	**759.72**

NOTE – 26

CONTINGENT LIABILITIES (IndAS-37)

A. Contingent liabilities and Capital commitments not provided for:

Amount in ₹ Crores

Particulars	2020-21	2019-20
a) Contingent Liabilities/claims not provided for		
i) In respect of Bank Guarantees	37.04	38.06
ii) In respect of Inland Letter of Credits	2.03	2.03
iii) In respect of Foreign Letter of Credits	53.10	23.71
iv) In respect of Unexecuted Capital Contracts	55.66	73.67
b) Claims against the Company not acknowledged as Debt:*		
i) Sales Tax disputes in various legal forum	1.08	1.08
ii) Excise Duty/Service Tax/ Customs disputes in various legal forum	59.17	59.24
iii) Income Tax(disputes in disputes in various legal forum	8.71	8.71
iv) Disputes in respect of purchase of power / Coal(disputes in various courts Rs 37.64 crs (previous year Rs 37.64 crs)	67.67	54.45
v) Others (entry tax & Land disputes) in various legal forum @	1.26	1.26

** Net of amounts paid under protest.*
Cash outflows for the above are determinable only on receipt of judgments pending at various forums / authorities.

@ Against this, an amount of Rs 7.66 Crores (previous year Rss.14.08crores) deposited under protest lying in Note 6 of Rs 0.97 Crores (previous year Rs. 7.39Crores) and Rs 6.69 Crores (previous year 6.69 Crores) under Note No 9.

Refer Note No 27 (G) for the comfort letter given by the Company.

c) There are no other 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**

Amount in ₹ Crores

Particulars	For the Year 2020-2021		For the Year 2019-2020	
	Value	%	**Value**	%
Raw Materials				
-- Indigenous	339.24	96	265.81	78
-- Imported	13.84	4	73.69	22
Total	353.08	100	**339.50**	**100**
Fuel				
-- Indigenous	103.92	24	27.06	7
-- Imported	332.48	76	356.85	93
Total	436.40	100	**383.91**	**100**
Stores, Spares and Packing Materials				
-- Indigenous	108.39	100	113.34	100

-- Imported	0.10	0	0.20	0
Total	108.49	100	**113.54**	**100**

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

Amount in ₹ Crores

	For the Year 2020–21	**For the Year 2019–20**
Spares & Bags	1.35	2.03
Fuel	295.51	319.04
Capital Goods	…	7.39

C) **Expenditure in Foreign Currency**

Amount in ₹ Crores

	For the Year 2020–21	**For the Year 2019–20**
Travel expenses	0.01	0.38
Consultancy & License Fees	1.39	4.68
Fuel	269.37	365.08
Total	**270.77**	**370.13**

D) **Auditors Remuneration:**

Amount in ₹ Crores

	For the Year 2020–21 Rs. In crores	**For the Year 2019–20 Rs. In crores**
Statutory Auditor:-		
Audit Fee	0.20	0.20
Certification & Fees for other Services	0.11	0.03
Total	0.31	0.23

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, 2021, . 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 3 Singha Cement Private Ltd
b) Associates of the Company	
1 Parasakti Cement Industries Limited	
c) Parties having Significant Influence	
1. Pioneer Builders Limited	2. Pioneer Genco Limited
3. Pioneer Holiday Resorts Limited	4. Pioneer Power Corporation Ltd
5. Pioneer Power Limited	6. Anrak Aluminum Limited
7. Pioneer Builders (Firm)	8. Pioneer Education Trust
9. Penna Shipping Limited	10. Shankuntala Trust
11. PR Enerrgy Holding Limited	12. PCIL Power & Holdings Ltd

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
5. Shri Raj Kumar Singh – Company Secretary	
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:

Amount in ₹ Crores

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Advance for Investment	69.98					**69.98**
Advance given (net)			2.76			**2.76**
Advance received(net)		20.00	172.37			**192.37**
Corporate social responsibility expenses			3.13			**3.13**
Purchase of Investments	74.94					**74.94**
Remuneration				8.26		**8.26**
Renting of Immovable Property			0.45	0.27	3.09	**3.80**
Sale of Cement	64.60		1.27		0.01	**65.88**
Sale of Investments			61.90			**61.90**
Technical Management Service for Vessel			1.41			**1.41**
Transportation / Civil works			117.62			**117.62**
Total	**209.52**	**20.00**	**360.91**	**8.52**	**3.09**	**602.04**

M/s Parasakti Cement Industries Ltd (PCL) ceased to be an associate of the company with effect from 24th February 2021, as the investment in PCL has been divested (refer note no:3A)

Balance as at 31st March, 2021:

Amount in ₹ Crores

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Advance for Investment	0.10					**0.10**
Advance received		(20.00)	(16.63)			**(36.63)**
Investments	274.88					**274.88**
Remuneration				(3.38)		**(3.38)**
Rent Deposit					1.00	**1.00**
Sale of Cement	19.61		1.83			**21.44**
Transportation / Civil works			5.04			**5.04**

Total	**294.59**	**(20.00)**	**(9.76)**	**(3.38)**	**1.00**	**262.45**

(Credit balances are shown in bracket)

Balance as at 31st March, 2020:

Amount in ₹ Crores

Description	Subsidiaries	Associates	Parties having Significant Influence	KMP	Relative of KMP	Total
Managerial Remuneration				(0.23)		(0.23)
Services Received	-	-	(6.93)	0.18	(0.75)	(7.51)
Advance paid for Expenses		-	6.70	-	1.00	7.70
Advance for purchase of shares	15.06					15.06
Sale of Cement	22.74	-	0.85	-	-	23.59
Advances received	-	-	(8.12)	-	-	(8.12)
Investment	199.94	16.60	-	-	-	216.54

(Credit balances are shown in bracket)

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.

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, 2021, 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.

The company has given a letter of comfort to Yes Bank Ltd in respect of loans of Rs. 400 Crs sanctioned to certain companies set out in para – "F" above. The amount outstanding in respect of such loan as on 31.03.2021 Rs. 368.89 Crs (31.03.2020 400.00 Crs). Further, a support letter has been given to the subsidiary, Singha Cement Private Ltd pursuant to the requirement of local regulations at Sri Lanka.

G) **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:

Amount in ₹ Crores

Particulars	Cement		Thermal Power		Total	
	2020-21	2019-20	**2020-21**	2019-20	**2020-21**	2019-20
Revenue						
External Sale	**2,402.83**	2,114.79	**0.35**	8.95	**2,403.18**	2,123.74
Inter Segment Revenue			**127.95**	103.26	**127.95**	103.26
Total Revenue					**2,531.13**	2,227.00
Less: Inter-Segment Eliminations					**127.95**	103.26
Net Total Revenue					**2,403.18**	2,123.74
Results						
Segment Results (Profit before Interest, Exceptional items & Tax)	**329.42**	216.03	**3.80**	0.17	**333.22**	216.20
Add: Un-allocated Income					**120.35**	6.40
Less: Interest & Financial Expenses (Net)					**228.06**	185.15
Profit before exceptional items & Tax					**225.50**	37.45
Less: Exceptional Items					**-**	-
Profit before Tax					**225.50**	37.45
Tax Expenses					**77.94**	13.52
Profit after Tax					**147.56**	23.93
Other Information						
Segment Assets	**3,575.88**	3,493.50	**91.77**	125.96	**3,667.65**	3,619.45
Un-allocated Assets					**-**	-
Total Assets	**3,575.88**	3,493.50	**91.77**	125.96	**3,667.65**	3,619.45
Segment Liabilities	**2,432.14**	2,549.95	**79.82**	52.16	**2,511.96**	2,602.11
Un-allocated Liabilities & Provisions					**-**	-
Total Liabilities	**2,432.14**	2,549.95	**79.82**	52.16	**2,511.96**	2,602.11
Depreciation & Amortization	**132.99**	110.93	**9.85**	9.85	**142.84**	120.78
Capital Expenditure	**187.39**	726.20			**187.39**	726.20
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.

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. 6.38 Crores (Previous year: Rs.6.02).

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. 0.16 Crores (Previous year: 0.20 Crores).

ii) Defined Benefit 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:

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

Particulars		Gratuity (Funded Plan)	
		As at 31-03-2021	As at 31-03-2020
I	Change in Obligation		
	1 Present Value of defined benefit obligation at the beginning of the year	15.76	13.40
	2 Current service cost	1.69	1.74
	3 Past service cost	…	…
	4 Interest cost	0.93	1.02
	5 Actuarial (gain) / loss on obligation	…	…
	6 Benefits paid	(1.03)	(0.58)
	7 Remeasurements – Due to Financial Assumptions	1.99	1.03
	8 Remeasurements – Due to Experience Assumptions	(1.13)	(0.85)
	9 Present Value of defined benefit obligation at the end of the year	18.22	15.76
II	**Change in the Fair Value of Plan Assets**		
	1 Fair Value of Plan assets at the beginning of the year	11.92	11.30
	2 Expected return on plan assets	0.70	0.90
	3 Contributions by employer	0.20	1.16
	4 Remeasurements – Return on Assets	0.06	(0.86)
	5 Benefit Payments from Plan Assets	(1.03)	(0.58)
	6 Fair Value of Plan assets at the end of the year	12.66	11.92
III	**Expenses recognized in the Profit and Loss Account**		
	1 Current service cost	1.69	1.74

Particulars		Gratuity (Funded Plan)	
		As at 31-03-2021	As at 31-03-2020
	2 Past service cost	…	…
	3 Interest cost	0.93	1.02
	4 Expected return on plan assets	(0.70)	(0.90)
	5 Net actuarial loss / (gain) recognized in the current year	….	…
	6 Expenses recognized in the Profit and Loss Account	1.92	1.86
IV	**Re-measurements recognized in Other Comprehensive Income (OCI)**		
	1 Changes in Financial Assumptions	1.99	1.03
	2 Changes in Demographic Assumptions	…	….
	3 Experience Adjustments	(1.13)	(0.85)
	4 Actual return on Plan assets less interest on plan assets	0.06	0.86
	5 Amount recognized in Other Comprehensive Income (OCI)	0.80	1.04
V	**Expenses recognized in the Balance Sheet as at the end of the year**		
	1 Present value of defined benefit obligation	18.22	15.76
	2 Fair Value of plan assets at the end of the year	12.66	11.92
	3 Funded status	5.56	3.83
	4 Net assets / (liability) as at the end of the year	5.56	3.83
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%	19.52	16.93
	Salary escalation-down by 1%	17.05	14.71
	Discount Rates-up by 1%	17.09	14.80
	Discount Rates-down by 1%	19.49	16.85
	Withdrawal Rates-up by 1%	18.29	15.91
	Withdrawal Rates-down by 1%	18.14	15.59
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	6.95%	6.70%
	2 Mortality rate	IALM (2012-14 Ultimate	IALM (2012-14 Ultimate
	3 Withdrawal rate	3%	3%
	4 Return on plan assets	5.57%	8.20%
	5 Salary Escalation	6%	4%

iii) **Earnings per Share (EPS) –**

	Particulars	2020-21	2019-20
a)	Profit attributable to the Equity Share Holders (Rs in Cr)- A	147.56	23.93
b)	No. of Equity Shares	13,38,00,000	13,38,00,000
c)	Nominal Value of the Share (Rs.)	10	10
d)	Weighted average number of Equity Shares – B	13,38,00,000	13,38,00,000
e)	Earnings per Share (Rs.) – A/B	11.03	1.79

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

Particulars	2020-21		2019-20	
	Amount in ₹ Crores	%	Amount in ₹ Crores	%
Profit before Tax	**225.50**		**37.45**	
Applicable tax rate		**34.94%**		**34.94%**
Tax at base rate	**78.80**		**13.09**	
MAT Credit	(20.03)	(8.88%)	(8.94)	(23.88%)
Effect of tax exempt income	2.51	1.11%	(7.88)	(21.04%)
Effect of non-deductible expenses	14.74	6.54%	-	-
Effect of previous year adjustments	1.92	0.85%	17.26	46.09%
Income Tax expense reported in the statement of profit and loss account / effective tax rate	**77.94**	**34.56%**	**13.52**	**36.11%**
Effect of Reversal of Opening Deferred Tax Liability for change in income tax rates	-	-	-	-
Income Tax expense reported in the statement of profit and loss account / net effective tax rate	**77.94**	**34.56%**	**13.52**	**36.11%**

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**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Transition to Ind AS 116

Effective 1st April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April 2019 using the modified retrospective method and has recorded right of use asset equal to lease liability, on the date of initial application.

The Company's lease asset classes primarily consist of leases for lands situated port locations. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets are depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use (ROU) assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.
The Company measures the lease liability at the present value of the lease payments for the lease period. The lease payments are discounted using the interest rate determined by the incremental borrowing rate.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term as per the details given below.

Amount in ₹ crores

Particulars	2020-21	2019-20
Rent	11.15	11.75

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, 2021 and March 31, 2020. 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, 2021 and March 31, 2020.

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:

Amount in ₹ crores

	Increase / decrease in interest rate	Effect on profit before tax
March31,2021		
INR	+1%	(19.83)
INR	-1%	19.83
March31,2020		
INR	+1%	(16.10)
INR	-1%	16.10

Currency risk
The Group is exposed to exchange rate risk as certain portion of our revenues and expenditure are denominated in foreign currencies. We import certain raw materials, the price of which we are required to pay in foreign currency, which is mostly the U.S. dollars. Products that we export are paid in foreign currency, which together acts as a natural hedge to an extent. Any appreciation/depreciation in the value of the Rupee against U.S. dollar or other foreign currencies would Increase/ decrease the Rupee value of debtors/ creditors.

Amount in ₹ Crores

Particulars	31st March 2021		31st March 2020	
	USD	INR	USD	INR
USD				
Trade receivables	0.27	19.61	0.39	29.17
Long term borrowings	-	-	0.75	45.34
Trade payables and other payables	1.43	104.91	1.26	94.86

1% increase / decrease in foreign exchange rate will have following impact on Profit before tax

Amount in ₹ Crores

Particulars	31st March 2021	31st March 2020
1% increase in USD rate / Decrease in profit	(0.85)	(1.11)
1% Decrease in USD rate / increase in profit	0.85	1.11

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, 2021 is Rs. 186.65 Crores (March 31, 2020: Rs.189.32 Crores). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Amount in ₹ Crores

Allowance for credit loss	31-Mar-21	31-Mar-20
Opening balance	1.89	1.47
Credit loss provided/ (reversed)	2.57	0.42
Closing balance	4.46	1.89

The Company is using a practical expedient method by computing the expected credit loss allowance for trade receivables by providing at 100% of the carrying amount which are overdue by more than 180 days and in respect of which either legal action is not feasible or when there is no realistic prospect of recovery , where a legal action has been initiated .

No single customer accounted for more than 3% of the revenue as of March 31, 2021 and March 31, 2020 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:

Amount in ₹ Crores

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Year ended March 31, 2021				
Borrowings (including Current maturities of long term debt)	202.31	812.76	138.78	1,153.76
Other noncurrent financial liabilities	…	591.91	…	591.91
Trade payables	129.44	…	…	129.44
Other Payables	26.67	…	…	26.67

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest Accrued but not due	8.05	…	…	8.05
Salary and Bonus payable	8.27	…	…	8.27
Year ended March 31, 2020				
Borrowings (including Current maturities of long term debt)	182.84	862.69	177.55	1,223.08
Other noncurrent financial liabilities	…	698.00	…	698.00
Trade payables	150.54	…	…	150.54
Other Payables	39.15	…	…	39.15
Interest Accrued but not due	1.97	…	…	1.97
Salary and Bonus payable	7.64	…	…	7.64

iii) 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.

a) **Financial assets and liabilities**: The carrying value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

Amount in ₹ Crores

Particulars	31-Mar-21	31-Mar-20
Financial assets		
Measured at amortised cost		
Investments	274.88	216.54
Loans	23.13	99.75
Trade Receivables	182.19	187.42
Cash and Cash Equivalents	83.54	2.04
Bank Balance other than Cash and Cash Equivalents	14.58	13.75
Other financial Assets	22.41	22.33
Measured at Fair value through OCI		
Investments	2.63	2.16
Total Financial assets	**603.36**	**543.99**

Amount in ₹ Crores

Particulars	31-Mar-21	31-Mar-20
Financial liabilities		
Measured at amortised cost		
Long term borrowings	868.60	967.71
Short term borrowings	233.49	246.97
Trade Payables	129.44	150.54
Other financials liabilities (including current maturities of long term	245.31	231.61

borrowings)		
Measured at Fair value through profit and loss		
Long term borrowings	47.55	72.52
Other Financial Liabilities	501.65	595.34
Total Financial liabilities	**2026.04**	**2264.69**

b) 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.

c) The capital structure as of March 31, 2021 and March 31, 2020 as follows:

Amount in ₹ Crores

Particulars	2020-21	2019-20
Total equity attributable to the equity shareholders of the Company	1155.69	1,017.31
As a percentage of total capital	46.09	40.90
Long term borrowings including current maturities	1,118.46	1,223.08
Short term borrowings	233.49	246.97
Total borrowings	1351.95	1,470.05
As a percentage of total capital	53.91	59.10
Total capital (equity and borrowings)	**2507.64**	**2,487.36**

d) **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. 5.53 Crores (March 31, 2020 Rs.3.87 Crores).

Amount in ₹ Crores

Details of CSR Project / Activity	2020-21	2019-20
Initiatives to promote Education	3.13	2.16
Welfare and Rural Development	0.40	0.66
Environmental Protection	…	0.05
COVID19	2.00	1.00
Total	**5.53**	**3.87**

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended March 31, 2021 is Rs.2.17 Crores (March 31, 2020 Rs.3.53 Crores) i.e. 2% of average net profits for last three financials years, calculated as per section 198 of the Companies Act, 2013. Contributions made to a related party or to an entity controlled by a related party , in respect of CSR expenditure amounted to Rs 3.13 crs for the year ended March 31, 2021 (March 31,2020 Rs 1.98 crs)

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

f) **<u>New standards and interpretations not yet adopted</u>**
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards from time to time. There is no such notification which would have been applicable from 1st April 2021.

g) **<u>Re-grouping</u>**
The previous figures have been re-grouped where ever necessary to align with current year classification

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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**	**P. Prathap Reddy** **Chairman and Managing Director** **DIN: 00093176**	**D L Kantham** **Executive Director** **DIN: 00822385**
Place: Hyderabad **Date: 15th April 2021**	**Petluru Venugopal Reddy** **CFO**	**Raj Kumar Singh** **Company Secretary** **M.No:14265**

Penna Cement Industries Limited
Standalone notes for the period ended 31.03.2021

Principal Terms and Conditions of Long Term Borrowings

Name of the Lender	Principal outstanding in Crores as on 31st March'2021	Principal outstanding in Crores as on 31st March'2020	Rate of Interest (%) (p.a)	Repayment terms	No. of Instalments outstanding asat 31st March 2021	Security
Yes Bank Ltd	680.39	759.90	1 year MCLR + 2.25%	10.5 Years (including 2 years initial moratorium and 2 quarters morotrium declared by the RBI during Covid-19 pandemic); repayments commenced from June'19, 32 equal quarterly payments untill Sep'2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Curent assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
Yes Bank Ltd	0.75	3.00	1 year MCLR + 1.75%	42 months (inlcuding 6 months moratorium and 2 quarters morotrium declared by the RBI during Covid-19 pandemic). 10 equal quarterly repayments commenced from date of 1st disbursement untill June'2021	1	Subservient charge on entire movable fixed and current assets
Yes Bank Ltd - FITL	40.92	-	1 year MCLR + 2.65%	29 quarterly payments commenced from 30th September '20 until Sep'2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Curent assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group.
Yes Bank Ltd -FITL-II	0.05	-	1 year MCLR + 2.95%	4 quarterly payments commenced from 30th September '20 untill June'2021	1	Subservient charge on entire movable fixed and current assets
Hero Finance Ltd	85.31	90.63	1 year MCLR + 3.0%	10.40 Years (including 2 year moratorium + 5 months moratorium as per RBI Covid guidelines); repayments start from June'19- Total 32 equal quarterly payments. Covid Moratorium Amount - Rs. 3.12 Crores in November 2027 and balance 0.945 Crores in February 2028.	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Curent assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
L&T Infrastructure Finance Ltd	5.57	-	L&T PLR-4.35%	Rrepayments commenced from Dec'2020- Total 27 equal quarterly payments untill September'2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Curent assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
L&T Finance Ltd	219.38	244.69	L&T PLR-4.35%	10.5 Years (including 2 years initial moratorium and 2 quarters morotrium declared by the RBI during Covid-19 pandemic); repayments commenced from June'19, 32 equal quarterly payments untill Sep'2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Curent assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
L&T Finance Ltd - FITL	12.78	-	L&T PLR-4.35%	29 quarterly payments commenced from 30th September '20 until Sep'2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Curent assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
SREI Equipment Finance Ltd	5.14	8.50	IRR 9.75 %	48 months (including 3 months of Moratorium), EMI payment commenced Nov'18 and untill July'2022	16	First charge by way of hypothecation on specific assets funded by lender.
Sales Tax Deferment Loan	103.13	169.01	Nil	15 years from the end of year in which the loan was availed, payable yearly	3	Nil
	1,153.42	**1,275.73**				