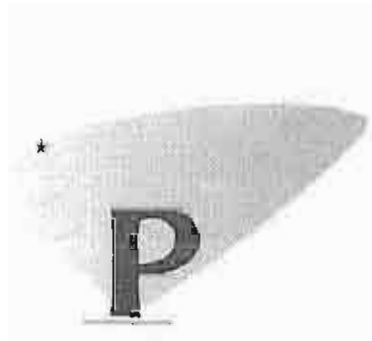


PENNA CEMENT INDUSTRIES LTD

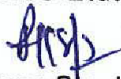
HYDERABAD



ANNUAL REPORT

2015– 16

This is the Certified True Copy
For Penna Cement Industries Ltd.,


Raj Kumar Singh
Company Secretary

Board of Directors

Chairman and Managing Director	: Shri P. Prathap Reddy : Shri P. Munikrishna : Shri P. Venugopal Reddy : Shri U. R. Rao : Shri Y. Santosh Kumar Reddy : Smt. P. Deepthi Reddy
Executive Director	: Shri Bezawada Vikram
Director (Technical)	: Shri D. Lakshmi Kantham
Director (Finance) & CFO	: Shri Petturu Venugopal Reddy
Company Secretary	: Shri Raj Kumar Singh
Statutory Auditor	: M/s C. Ramachandram & Co. Chartered Accountants H.No.3-5-237,505 Lingapur La Bulde Complex Himayathnagar, Hyderabad-29.
Internal Auditor	: M/s Deloitte Haskins & Sells LLP Gowra Grand, S.P. Road Begumpet, Secunderabad-03.
Bankers	: State Bank of India IDBI Bank Limited Yes Bank Ltd
Registered Office	: Lakshmi Nivas, Plot No. 705, Road No.3, Banjara Hills Hyderabad – 500 034
Works	: 1. Talaricheruvu Village Tadpatri Mandal Anantapur District (A.P) 2. Ganeshpahad Village Damarcherla Mandal Nalgonda District.(TS) 3. Boyireddypalli Village Kamalapadu, Yadiki Mandal Anantapur District (A.P) 4. Belkatur Village, Tandur Mandal R.R. Dist (TS).

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**PENNA CEMENT INDUSTRIES LTD
(CIN NO. U26942AP1991PLC013359)**

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

NOTICE TO MEMBERS

Notice is hereby given that the **25th Annual General Meeting** of the members of Penna Cement Industries Limited will be held on **Monday, the 18th day of July 2016 at 11:00 A.M at the Registered Office** of the Company to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Annual Accounts for the year ended 31st March, 2016 and the reports of the Director's and Auditor's thereon.
2. To declare dividend.
3. To appoint a Director in place of Smt. P. Deepthi Reddy (DIN No. 00204481), who retires by rotation in the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri D. L. Kantham (DIN No. 00822385), who retires by rotation in the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
5. To ratify re-appointment of Statutory Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory re-enactment thereof, for the time being in force) with the consent of the Board of Directors, M/s. C. Ramachandram & Co, Chartered Accountants having ICAI Firm Registration No.: 002864S, Hyderabad, be and are hereby ratified to be re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company.”

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PENNA CEMENT INDUSTRIES LTD

SPECIAL BUSINESS:

6. To re-appoint Cost Auditors for the Financial Year 2016-17 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT subject to such guidelines and approvals as may be required from the Central Government, M/s. Sagar & Associates, Cost Accountants, Hyderabad be and are hereby reappointed as Cost Auditors of the Company to audit the Cost Records maintained by the Company in respect of production of cement and generation of power for the Financial year 2016-17 at a remuneration of Rs.1,50,000/-.”

By Order of the Board of Directors

Date: 27-05-2016
Place: Hyderabad


Raj Kumar Singh
Company Secretary
M. No.: 14265

NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/ herself and the proxy need not be a member. The proxy form duly completed and stamped must reach the registered office of the company not less than 48 hours before the time fixed for commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- Members and Proxies attending the Meeting should bring the attendance slip duly filled in for attending the Meeting.
- Corporate Members are requested to send a duly certified true copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- Members are informed that in case of joint holders attending the Meeting, only such Joint holder who is higher in the order of the names will be entitled to vote.
- The register of members will be closed from 11th July, 2016 to 18th July, 2016 (both days inclusive). The transfer books of the company will also be closed during the said period.
- The dividend on Equity Shares, if declared at the meeting, will be payable within 30 days from the date of declaration to those members whose names shall appear on the Company's Register of Members on 18th July, 2016.

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PENNA CEMENT INDUSTRIES LTD

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE
COMPANIES ACT, 2013("the Act")**

Item No.6

A proposal for re-appointment of Cost Auditor was recommended by Audit Committee to the Board. It was proposed to re-appoint M/s. Sagar & Associates, Cost Accountants, Hyderabad as Cost Auditors.

A Certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the registered office of the Company during 11.00 A.M to 1.00 P.M and shall also available at the meeting.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the appointment and remuneration payable to the Cost Auditors is to be ratified by the Shareholders. Hence this resolution is put for the consideration of the shareholders.

None of the Directors and Key Managerial Personnel or their relatives are interested in the above resolution.

Your Directors recommend the resolution for your approval as an Ordinary Resolution.

By Order of the Board of Directors

**Date: 27-05-2016
Place: Hyderabad**


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

BOARDS' REPORT

Dear Members,

Your Directors are pleased to present the 25th Annual Report and the Company's audited financial statement for the financial year ended 31st March, 2016.

Financial Highlights:**(Rs. in Crores)**

Particulars	Year ended 31 March '16	Year ended 31 March'15
Sales & Other Income	1871.11	1795.34
Profit before Interest & Depreciation	529.33	387.54
Less: Interest & Finance Charges	64.03	75.95
Profit after Interest but before Depreciation	465.30	311.59
Less: Depreciation	75.96	72.18
Net Profit before Tax	389.34	239.41
Provision for Tax	09.72	00.53
Provision for Deferred Tax Liability	51.26	12.45
MAT Credit Entitlement	(20.78)	
Net Profit after Tax	269.14	158.43
Balance brought forward from previous year	1121.95	1041.57
Profit available for appropriation	1391.09	1200.00
Appropriations:		
Transfer through Scheme of Arrangement	946.20	...
General Reserve	35.00	35.00
Debenture Redemption Reserve	...	35.00
Proposed Dividend	6.69	6.69
Tax on Dividend	1.36	1.36
Balance Retained	401.84	1121.95

STATE OF COMPANY'S AFFAIRS

During the year under review, the total Turnover of the Company was Rs. 2267 Crores as against Rs. 2145 Crores in the previous year. The Company has earned a Profit after tax of Rs 269.14 Crores compared to Rs.158.43 Crores in the previous year. Segment wise details as follows:

(Rs. In Crores)

Particulars	Cement	Thermal Power	Waste Heat Recovery	Investment	Total
Total Turnover	2046	215	06	07	2274
Profit after tax	249	68	(55)	07	269

The financial year 2015-16 has been very successful for the Company. The Company was able to capitalize on the market conditions through its operational excellence, higher efficiency and well executed strategies.

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013.

For the financial year ended 31st March, 2016, the Company proposes to carry Rs.35 Crores to General Reserve Account.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 5 per Share for the Financial Year ended 31st March, 2016.

CEMENT SECTOR OUTLOOK

Indian Cement industry, with ~ 390 million tons of annual capacity at present, is the second largest in the world, after China. The industry is currently having a healthy growth rate of 5% in cement consumption. Industry is committed to increasing production and improving the quality, safety and energy-efficiency levels to world standards.

With about only 192 Kg per capita cement consumption per year, India has immense growth potential for cement industry. Vast growth potential in the infrastructure and construction sector and with recent major government initiatives such as development of Smart Cities, development of new and existing sea ports and air ports, AMRUT Project for improving the living conditions of urban population, Housing for all by 2020, use of cement in place of bitumen for construction of new roads etc. shall be the major driver of cement demand in the country.

With improved income levels for individuals and reduced interest rates for housing loans, the cement market in India is expected to grow 7 - 8 percent during the period 2016-2020, as against average 5 percent growth in the preceding five years.

In India, major cement consumption is from housing (67%), infrastructure (13%), commercial construction (11 %) and industrial construction (9%).

To meet growing cement demand, industry is expected to add 56 million tons (MT) annual production capacity over the next 4- 5 years. From the current total installed production capacity of 390 Million Tons, India's cement demand is expected to reach 550- 560 million tons per annum (MTPA) by 2025, mainly on account of rising infrastructure and housing needs propelled by rapid urbanization. With increased demand and production facilities, India, in the next 10 years, has potential to become a major exporter of clinker and cement to Africa, Middle East Countries and other developing nations of the world. Cement plants/ Grinding Units located near the ports will have an edge for handling exports and will logistically be well armed to face stiff competition from other players.

The industry is getting consolidated and the major players are improving their market share. This will also help the industry in improving the technology, production standards and quality to meet the international standards and also in maintaining the remunerative and stable prices in all the regions throughout the year.

The universal reduction in the oil prices and thereby resultant reduction in fuel and transportation costs, helped by lower interest rates, industry friendly laws, growing cement demand and higher spending from the State and Central Governments on Infrastructure, the cement industry has a bright future in India and will contribute to the Indian economy significantly in the years to come.

COMPANY OUTLOOK

In continuation of the efforts in optimizing the cost of production, the Company has setup Waste Heat Recovery projects at Ganeshpahad and Boyareddypalli plants to generate total 16.3 MW of power for captive consumption.

The Company's efforts to improve the capacity utilization has started taking shape. The company is implementing a cement grinding unit at Pune (Maharashtra) with an annual capacity of 1.00 million ton. The project is expected to be completed by March 2017 and will help in improving the capacity utilization of Tandur plant. The second cement grinding unit at Krishnapatnam (Andhra Pradesh) with annual capacity of 2.00 million tons along with four new cement packing terminals across the coast line of the country is also in progress.

These two projects will help your Company in reaching full potential in operations and Penna brand can reach new and lucrative markets in other states. Larger presence in the states of Maharashtra, Odisha, Kerala and West Bengal will help the company in reaching higher market share and better pricing leading to higher profits and improved share holders' wealth.

FIXED DEPOSITS

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

DETAILS OF SUBSIDIARIES AND ASSOCIATE COMPANIES

During the year under review, the following companies listed below are Company's subsidiary and associate companies (standalone and along with subsidiary)

SUBSIDIARY:

1. Pioneer Cement Industries Limited	-	100%
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ASSOCIATES:

2. Parasakti Cement Industries Limited	-	50%
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CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates, the audited consolidated financial statement is provided in the Annual Report.

SCHEME OF ARRANGEMENT

During the year under review, M/s Penna Cement Industries Limited's Gas Power Division along with non-cement business has transferred to M/s PCIL Power and Holdings after approval of the Scheme of Arrangement of M/s Penna Cement Industries Limited with PCIL Power and Holdings Limited in the High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh on 16th December, 2015 with appointed date of 01.04.2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Shri U. Ramesh Rao was appointed as Independent Director of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

The following Meetings of the Board of Directors were held during the Financial Year 2015-16:

S. No.	Date of Board Meeting	No. of Directors Present
1.	23.07.2015	08
2.	13.08.2015	04
3.	14.11.2015	07
4.	28.01.2016	07
5.	02.03.2016	07

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

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

AUDITORS

The Board pursuant to the recommendation of Audit Committee of the Company, recommends the ratification for re-appointment of M/s C. Ramchandram & Co., Chartered Accountants, (Registration No. 002864S), Hyderabad as Statutory Auditors who were appointed as Statutory Auditors in the 23rd Annual General Meeting up to 27th Annual General Meeting subject to ratification by the members for re-appointment at the Annual General Meetings during the intervening period.

The Company has received letter dated 12th May, 2016 from them to the effect that their ratification of appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for appointment.

AUDITORS' REPORT

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

COST AUDITORS

The Board has re-appointed M/s. Sagar & Associates, Practicing Cost Accountants, Hyderabad (FRN:000118) for conducting the audit of cost records of the Company for various segments for the financial year 2016-17.

SECRETARIAL AUDITORS

As per the provisions of Section 204 of the Companies Act, 2013, the Board has appointed M/s BSS & Associates, Practicing Company Secretaries (FRN:P2012AP026600) to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2016 is annexed herewith marked as **Annexure: 1** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DISCLOSURES**Audit Committee:**

The Audit Committee comprises of following Directors namely Shri P. Munikrishna, Shri Y. Santosh Kumar Reddy, Shri H. Ramesh Rao and Shri P. Venugopal Reddy, all of them are non-executive Directors. The Company Secretary acts as Secretary to the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism:

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

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

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN ATWORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment.

There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. ICC has its presence at corporate office as well as at site locations.

During the year ended 31 March, 2016, the ICC did not receive any complaints pertaining to sexual harassment.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of following Directors namely Shri P. Munikrishna, Shri Y. Santosh Kumar Reddy, Shri U. Ramesh Rao and Shri P. Venugopal Reddy, all of them are non-executive Directors. The Company Secretary acts as Secretary to the Committee. All the recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

Terms of Reference:

The Terms of Reference of the Nomination and Remuneration Committee are as under:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
2. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
3. The Nomination and Remuneration Committee shall, while formulating the policy ensure that:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

4. Regularly review the Human Resource function of the Company.
5. Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.
6. Make reports to the Board as appropriate.
7. Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
8. Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

CORPORATE SOCIAL RESPONSIBILITY

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

As required under Section 135 of the Companies Act, 2013, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 to recommend the amount of expenditure to be incurred on the activities and to monitor the Corporate Social Responsibility Policy of the Company from time to time. During the year, the Company has contributed a sum of Rs. 3.15 Crores towards Corporate Social Responsibility.

Further the Annual Report on CSR for the financial year ended 31st March, 2016 is annexed as **Annexure: 2** herewith for your kind perusal and information.

REMUNERATION POLICY

Remuneration to Executive Directors:

The remuneration paid to Executive Directors are recommended by the Nomination and Remuneration Committee and approved by Board, subject to the subsequent approval of the shareholders at the General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

Remuneration to Non-Executive Directors:

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

LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any Loans and Guarantees and not made any investments during the financial year 2015-16 under Section 186 of the Companies Act, 2013 for the financial year ended 31st March 2016.

RELATED PARTY TRANSACTIONS

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure: 3** to this Report.

ANNUAL RETURN

The Extract of Annual Return as required under Section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed as **Annexure: 4** herewith for your kind perusal and information.

MATERIAL CHANGES AND COMMITMENTS

There are no Material Changes and Commitments impacting the going concern status and Company's operations in future.

MECHANISM FOR EVALUATION OF BOARD

Evaluation of all Board members is done on an annual basis with specific focus on the performance and effective functioning of the Board and Individual Directors.

A) Criteria for evaluation of the Board of Directors and Committee of Directors as a whole:

- i. the frequency of meetings;
- ii. the length of meetings;
- iii. the administration of meeting;
- iv. the number of committees and their roles;
- v. the flow of information to board members and between board members;
- vi. the quality and quantity of information; and
- vii. the Disclosure of Information to the stakeholders.

P PENNA CEMENT INDUSTRIES LTD

B) Criteria for evaluation of the Individual Directors:

- i. ability to contribute and monitor corporate governance practices;
- ii. ability to contribute by introducing best practices to address top mgt. issues;
- iii. participation in long term strategic planning;
- iv. commitment to the fulfillment of director obligations and fiduciary responsibilities;
- v. guiding strategy;
- vi. monitoring management performance and development;
- vii. statutory compliance & Corporate governance;
- viii. attendance and contribution at Board /Committee meetings;
- ix. time spent by each of the member; and
- x. core competencies.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Companies is tabled below:

The ratio of the remuneration of each Whole-time Director to the median remuneration of the employees of the company for the financial year;

PARTICULARS	RATIO TO MEDIAN REMUNERATION
Non- Executive Directors*	-
Executive Directors	
Shri P. Prathap Reddy	20
Shri B. Vikram Reddy	13
Shri. D L Kantham	15
Shri Petluru Venugopal Reddy	8

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

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

RISK MANAGEMENT

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

INTERNAL FINANCIAL CONTROLS

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

INDUSTRIAL RELATIONS

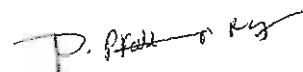
The industrial relations continue to be cordial development of human resources at all levels is given utmost importance and continuous training is imparted to improve the productivity, quality, cost control, safety & environment protection.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Date: 27-05-2016
Place: Hyderabad



P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176



B S S & ASSOCIATES COMPANY SECRETARIES

Flat No. 5A, Parameswara Apartments, Beside SBH, Anandnagar, Khairatabad, Hyderabad - 500 004.

Phone : 040 - 40171671, Cell : 9706175099

E-mail : bssass99@gmail.com

Form No. MR-3
Secretarial Audit Report

For the Financial Year ended on March 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Penna Cement Industries Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on March 31, 2016 in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Penna Cement Industries Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable as the Company did not issue any security during the period under review;



- d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 - Not applicable as the Company has not granted any Options to its employees during period under review;
 - c. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities during the period under review;
 - f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the period under review;
 - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company equity shares not listed on Recognized stock exchange; and
 - h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back of its securities during the period under review.
- 6) Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - 7) Employees State Insurance Act, 1948
 - 8) Employers Liability Act, 1938
 - 9) Environment Protection Act, 1986 and other environmental laws
 - 10) Equal Remuneration Act, 1976
 - 11) Factories Act, 1948
 - 12) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
 - 13) Maternity Benefits Act, 1961
 - 14) Minimum Wages Act, 1948
 - 15) Negotiable Instruments Act, 1881
 - 16) Payment of Bonus Act, 1965
 - 17) Payment of Gratuity Act, 1972
 - 18) Payment of Wages Act, 1936 and other applicable labour laws
 - 19) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
 - i. Cement Cess Rules, 1993;
 - ii. Cement (Quality Control) Order, 1995;
 - iii. Environmental (Protection) Act, 1986 Read with Environmental Protection Rules, 1986;
 - iv. The Hazardous Wastes (Managements Handling and Transboundry Movement) Rules, 2008;
 - v. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
 - vi. Water (Prevention & Control of Pollution) Cess Act, 1977;
 - vii. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;
 - viii. The Noise Pollution (Regulation And Control) Rules, 2000
 - ix. Mines Act, 1953 and Rules issued thereunder.



We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreement for Debt Securities entered into by the Company with Bombay Stock Exchange.

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

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

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The other changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We Further report that , During the year under review, M/s Penna Cement Industries Limited, Gas Power Division along with non-cement business has De- Merged into M/s PCIL Power and Holdings after approval of the Scheme of Arrangement of M/s Penna Cement Industries Limited with PCIL Power and Holdings Limited in the High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh on 16th December, 2015.

Place: Hyderabad
Date: 19-05-2016

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



For BSS & Associates
Company Secretaries

S. Srikanth

S. Srikanth
Partner

ACS No.: 22119
CP No.: 7999

'Annexure A'

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date: 19-05-2016

For B S S & Associates
Company Secretaries



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

Annexure-2ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)
ACTIVITIES**1. A brief outline of the Company's CSR POLICY, including overview of projects or programmes proposed to be undertaken :**

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

2. Composition of the CSR Committee:

The CSR Committee comprises of following Directors namely Shri. P. Munikrishna, Shri P. Venugopal Reddy and Shri D Lakshmi Kantham. Shri P. Munikrishna is an Independent Director and act as Chairman of the Committee. Company Secretary of the Company acts as Secretary to the Committee.

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

Rs. 149.66Crores

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):Rs. 2.99Crores**5. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:**

- a. Total amount spent for the financial year: Rs. 3.15 Crores.
- b. Amount unspent, if any: NIL.

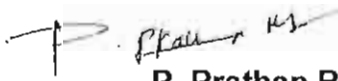
P PENNA CEMENT INDUSTRIES LTD

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

S.No.	Sector	Amount Spent (Rs. In Crores)
1	Welfare	0.23
2	Literacy	2.81
3	Health Care	0.02
4	Sanitation and Drinking water	0.09
	Total	3.15

Date:27-05-2016
Place: Hyderabad

For and on behalf of the Board of Directors


P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176

Annexure – 3

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS AND OUTGO**
(Section 134(3)(m) of The Companies Act, 2013 read with Rule 8 (3) of The Companies
(Accounts) Rules, 2014)

	Current Year 2015-16	Previous Year 2014-2015
A. Power and Fuel Consumption:		
1. Electricity		
a) Purchased:		
Units (kwh)	20,45,49,364	17,62,99,973
Total Amount (Rs. in Crores)	133.13	114.74
Rate/unit (Rs.)	6.51	6.51
b) Own Generation:		
a) Through Diesel Generator	NIL	NIL
Units (kwh)		
Units per liter of oil		
Cost/unit (Rs.)		
b) Through steam turbine/generator		
Units (kwh)	8,07,16,959	11,73,75,191
Total Amount (Rs. In crores)	47.09	63.73
Rate/unit (Rs.)	5.83	5.43
c) Through Waste Heat Recovery		
Units (kwh)	1,15,58,566	NIL
Total Amount (Rs. In crores)	6.82	
Rate/unit (Rs.)	5.90	
2. Coal and other fuels		
a) Used in Kiln		
Quantity (MTs)	3,77,767	3,98,472
Total Cost (Rs. In crores)	215.34	237.57
Average Rate (Rs.)	5700.34	5962.02
b) Used in Steam Turbine / Generators		
Quantity (MTs)	2,31,507	2,61,029
Total Cost (Rs. In crores)	115.77	136.91
Average Rate (Rs.)	5000.71	5245.01
3. Furnace Oil:	NIL	Nil
Quantity (KL)		
Total Cost (Rs. in lakhs)		
Average Rate (Rs.)		
4. Others/Internal Generation:	NIL	Nil
Quantity (Kwh)		
Total Cost (Rs. in lakhs)		
Rate per unit (Rs.)		
B. Consumption per unit of production		
1. Production (with details)	Cement	
Electricity (Kwh)	81.81	81.87
Furnace Oil	0.13	0.14
Coal (Ash content 35-45%)(MTs)		

Form for disclosure of particulars with respect to Technology Absorption

A. Research and Development: Nil

B. Technology Absorption, Adoption and Innovation:

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

C. Foreign Exchange Earnings and Outgo

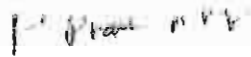
(Rs. In Crores)

Foreign Exchange:	2015-16	2014-15
Foreign Exchange Inflow	-	-
Foreign Exchange Outflow	182.85	231.15

For and on behalf of the Board of Directors

Date: 27-05-2016

Place: Hyderabad


P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176

PENNA CEMENT INDUSTRIES LTD

Annexure-4

I. REGISTRATION AND OTHER DETAILS :

CIN	U26942AP1991PLC013359
Registration Date	24/10/1991
Name of the Company	PENNA CEMENT INDUSTRIES LIMITED
Category / Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	H.No.8-2-268/A/1/S & S1, Plot No.705, Road No.3, Banjara Hills, Hyderabad- 500034. Telephone : 040-44565100 Email : cs@pennacement.com
Whether listed company	YES
Name and Address of Registrar & Transfer Agents (RTA)	LINK INTIME INDIA PVT. LTD. Address C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 Telephone:022 25963838 e-mail id: ganesh.jadhav@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

S.no.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacturing of Cement	26941	92.66%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

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

S.no.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Pioneer Cement Industries Limited Address: Plot No. 705, Road No. 03, Banjara Hills, Hyderabad- 500034.	U26941TG2010PLCC70651	Subsidiary	100%	2(87)
2.	Parasakti Cement Industries Limited Address: Plot # 8-3-214/21, Srinivasa Magan Colony (West) Hyderabad- 500038	U26942TG1993PLCC15764	Associate	50.00%	2(6)

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
Individual/HUF	-	8,893,190	8,893,190	66.47%	-	8,893,190	8,893,190	66.47%	-
Bodies Corp.	-	4,462,610	4,462,610	33.35%	-	4,462,610	4,462,610	33.35%	-
Sub-total (A) (1):-	-	13,355,800	13,355,800	99.82%	-	13,355,800	13,355,800	99.82%	-
(2) Foreign									
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	13,355,800	13,355,800	99.82%	-	13,355,800	13,355,800	99.82%	-
B. Public Shareholding									
1. Institutions									
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
b) Individuals	-	24,200	24,200	0.18	-	24,200	24,200	0.18	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	24,200	24,200	0.18	-	24,200	24,200	0.18	-
Sub-total (B)(2):-	-	24,200	24,200	0.18	-	24,200	24,200	0.18	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	24,200	24,200	0.18	-	24,200	24,200	0.18	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	-	13,380,000	13,380,000	100.00	-	13,380,000	13,380,000	100.00	-

B. Shareholding of Promoters

S.no	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	P. Prathap Reddy	13,58,500	10.15	-	13,58,500	10.15	-	NIL
2.	P. Prathap Reddy (HUF)	45,000	0.34	-	45,000	0.34	-	NIL
3.	P.V. Lakshmi	75,000	0.56	-	75,000	0.56	-	NIL
4.	P. Deepthi Reddy	25,000	0.19	-	25,000	0.19	-	NIL
5.	P. Divya Priyanka Reddy	40,000	0.30	-	40,000	0.30	-	NIL
6.	P. Padmaja	35,000	0.26	-	35,000	0.26	-	NIL
7.	P. Ramesh Reddy	60,000	0.45	-	60,000	0.45	-	NIL
8.	P. Supriya	15,000	0.11	-	15,000	0.11	-	NIL
9.	P. Venugopal Reddy	30,000	0.22	-	30,000	0.22	-	NIL
10.	P. Chandana	35,000	0.26	-	35,000	0.26	-	NIL
11.	P. Neelima Reddy	35,000	0.26	-	35,000	0.26	-	NIL
12.	P. Niharika	50,000	0.37	-	50,000	0.37	-	NIL
13.	P. Nirupama	40,000	0.30	-	40,000	0.30	-	NIL
14.	J. C. Samyukta	40,000	0.30	-	40,000	0.30	-	NIL
15.	N. Radha Krishna Reddy	210	0.00	-	210	0.00	-	NIL
16.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,09,480	52.39	-	70,09,480	52.39	-	NIL
17.	P.R. Cement Holdings Limited	44,60,110	33.33	-	44,60,110	33.33	-	NIL
18.	Arunachala Holdings Private Limited	2,500	0.02	-	2,500	0.02	-	NIL
	TOTAL	1,33,55,800	99.82	-	1,33,55,800	99.82	-	

C. Change in Promoters' Shareholding

S.no.	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	NIL					

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

S.no.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	P. Priti	6,000	0.04	6,000	0.04
2.	R. Prabhakar Reddy	5,000	0.04	5,000	0.04
3.	Sunil Chandra Reddy	2,500	0.02	2,500	0.02
4.	Anubhav Gupta	1,000	0.01	1,000	0.01
5.	Dalip Kumar Gupta	1,000	0.01	1,000	0.01
6.	Sudhir Kumar Gupta	1,000	0.01	1,000	0.01
7.	Anil Kumar Gupta	1,000	0.01	1,000	0.01
8.	Shankuntla Gupta	1,000	0.01	1,000	0.01
9.	Sheela Devi	1,000	0.01	1,000	0.01
10	Rajeev Gupta	1,000	0.01	1,000	0.01

E. Shareholding of Directors and Key Managerial Personnel

S.no.	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	P. Prathao Reddy	Chairman & Managing Director	13,58,500	10.15%	13,58,500	10.15%
2.	P. Deepthi Reddy	Director	25,000	0.19%	25,000	0.19%
3.	P. Verugopal Reddy	Director	30,000	0.22%	30,000	0.22%

V. INDEBTEDNESS:

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	465.68	242.51	-	706.19
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.10	-	-	0.10
Total (i+ii+iii)	465.78	242.51	-	706.29
Change in Indebtedness during the financial year				
Addition	126.82	-	-	126.82
Reduction	135.58	5.12	-	140.70
Net Change	(8.76)	(5.12)	-	(13.88)
Indebtedness at the end of the financial year				
i) Principal Amount	457.02	237.39	-	692.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.21	-	-	0.21
Total (i+ii+iii)	455.03	237.39	-	692.42

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

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

S.No.	Name of MD/WTD/Manager	Gross salary			Stock Option	Sweat Equity	Commission	Others	Total	Ceiling as per the Act
		(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961						
1.	Shri. P. Prathap Reddy	1.20	-	12.08	-	-	3%	-	13.28	
2.	Shri. B. Vikram	0.81	-	-	-	-	-	-	0.81	
3.	Shri. D. Lakshmi Kantham	0.93	-	-	-	-	-	-	0.93	

(Rs. in Crores)

B Remuneration to other directors

1. Independent Director

S.No	Name of the Director	Particulars of Remuneration			Total Amount in Rs.
		Fees For Attending Board Meeting/Committee Meeting	Commission	Others, if Any	
1.	Shri. MunikrishnaPapagari	45,000	-	-	45,000
2.	Shri. Y. Santosh Kumar Reddy	30,000	-	-	30,000
3.	Shri. U. R Rao	30,000	-	-	30,000
	Total	105,000	-	-	105,000

2. Other Non-Executive Directors

S.No	Name of the Director	Particulars of Remuneration			Total Amount in Rs.
		Fees For Attending Board Meeting/Committee Meeting	Commission	Others, if Any	
1.	Shri P. Venugopal Reddy	40,000	-	-	40,000
2.	Smt. P. Deepthi Reddy	15,000	-	-	15,000
	Total	55,000	-	-	55,000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S.No.	Name of Key Managerial Personnel	Gross salary			Stock Option	Sweat Equity	Commission as % of profit	Others	Total
		(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
1.	Shri. Petluru Venugopal Reddy	0.49	-	-	-	-	-	-	0.49
2.	Shri. Raj Kumar Singh	0.19	-	-	-	-	-	-	0.19

Date: 27-05-2016
Place: Hyderabad

For and on behalf of the Board of Directors

P. Prathap Reddy

P. Prathap Reddy
Chairman & Managing Director
DIN: 00093176

INDEPENDENT AUDITORS' REPORT

To

The Members of Penna Cement Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of M/s. Penna Cement Industries Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

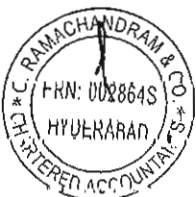
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

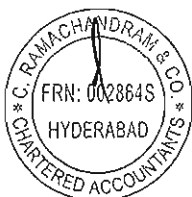
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with in this report are in agreement with the books of account.



(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) Based on the Written Representation received from the directors as on March 31, 2016, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2016 from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements .Refer- Note-28 of the financial statements
- ii. There is no requirement for any provision as required by any act or Accounting Standards for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iii. There are no amounts which are required to be transferred to Investor Education and protection fund.

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



C. Ramachandram
Partner
M.No:025834



Place: Hyderabad
Date: May 27, 2016

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, 2016

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:

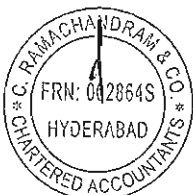
- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

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

(c) According to information and explanation given to us, title deeds of immovable Properties are hold in the name of the company.
- ii. Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed during such physical verification.
- iii. The company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable to the company. However the company has given advances to the companies, firms, other parties covered in the register maintained under section 189 of the Act, and in our opinion and to the best of our examination, the terms are not prejudicial to the interests of the company. The amount outstanding as on the date of Balance sheet is Rs.71.62 crores (five parties)
- iv. The Company has not made any transactions in the nature of loans, investments, guarantees, and security, where provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Thus, paragraph 3(iv) of the Order is not applicable to the Company.
- v. The company has not accepted any deposits, within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Thus, paragraph 3(v) of the Order is not applicable to the company.



- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.
- vii. (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and any other statutory dues to the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, details of dues of sales tax, service tax, excise duty, customs duty and cess which have not been deposited as on March 31, 2016 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 due to any financial institution, bank, Government or dues to its debenture holders as on the date of balance sheet.
- ix. The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the reporting period. Term loans availed during the reporting period was applied for the purposes for which those were raised.
- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to information and explanation given to us, the company has provided managerial remuneration in accordance with Section 197 read with schedule V to the Companies Act, 2013
- xii. In our opinion, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable for the company.
- xiii. In our opinion and according to information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial statements of the company as required by applicable Accounting Standards.
- xiv. According to information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



- xv. According to information and explanation given to us, the company has not entered into non cash transactions with directors or any persons connected with him. Thus, paragraph 3(xiv) of the Order is not applicable to the company.
- xvi. In our opinion, the company is not required to be registered under section 451A 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



Place. Hyderabad
Date. May 27, 2016

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Penna Cement Industries Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

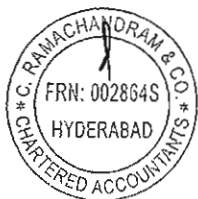
Management's Responsibility for Internal Financial Controls

The 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



C.Ramachandram
Partner
M.No:025834



Place: Hyderabad
Date: May 27, 2016

Annexure - C
Penna Cement Industries Limited

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Excise	Clinker Supplied to SEZ	2,57,68,624	Nov -07 to DEC -14	Commissioner of Hyderabad
	Clinker Supplied to SEZ	4,99,17,335	Apr -11 to DEC -14	Commissioner of Tirupathi
	Inputs/Capital Goods	15,33,65,354	Jul -01 to Aug -12	CESTAT, Hyderabad
	Input credit on Clean Energy Cess	6,60,39,601	April-2010 to Aug-2015	Commissioner of Tirupathi
	Self Consumption/Govt. Supplies	74,68,233	Apr -07 to Feb -09	Commissioner of Hyderabad
	Self Consumption/Govt. Supplies	3,97,48,018	Mar -07 to Jan -13	CESTAT, Hyderabad
	Self Consumption/Govt. Supplies	4,04,69,501	Feb -13 to June-15	Commissioner of Tirupathi
	Self Consumption/Govt. Supplies	1,40,12,107	Aug 2009 to Feb 2012	Supreme Court of India
	F.O.R Based Despatches	2,53,58,121	April 2010 to Mar-2015	Commissioner of Hyderabad
	Customs Duty on Coal	12,04,65,150	Mar -12 to Dec -12	Excise Larger Bench Chennai
Service tax	Service Tax Credit on Freight (GTA)	1,95,23,792	Aug -06 to Sep -10	Commissioner of Hyderabad/Tirupathi
	Input credit on Dealer Commission	19,45,557	Aug-2011 to Feb 2016	Commissioner Hyderabad
CST	Ineligibility of C form 2001-02 @ diff Tax -12%	85,663	2001-02	DC(CT), ANANTHAPUR
TNGSI	Regular Tax	1,07,200	1996-97	High Court of Tamil Nadu
VAT	IITC Dispute Tax	41,13,956	2008-09	AC(CT) Passed orders On 01-10-2014
	IITC Dispute Tax	72,05,627	2009-10	AC(CT) Passed orders On 01-10-2014
	IITC Dispute Tax	46,97,089	2010-11	AC(CT) Passed orders On 01-10-2014
	Total	58,02,95,928		



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PENNA CEMENT INDUSTRIES LTD
BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Notes	As At 31-03-2016 Rs in Crores	As At 31-03-2015 Rs in Crores
EQUITY AND LIABILITIES			
Shareholder's Funds			
a) Share Capital	2	13.38	13.38
b) Reserves and Surplus	3	471.84	1398.05
		485.22	1411.43
Non-Current Liabilities			
Long-term Borrowings	4	545.59	560.98
Deferred Tax Liabilities (Net)	5	224.55	173.53
Other Long-term Liabilities	6	312.76	245.22
Long-term Provisions	7	4.15	4.48
		1087.05	984.21
Current Liabilities			
Short-term Borrowings	8	227.42	186.62
Trade Payables	9	47.86	117.10
Other Current Liabilities	10	203.33	225.53
Short-term Provisions	11	01.68	76.68
		570.29	605.83
Total		2142.56	3001.47
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		1182.23	1099.66
Intangible Assets		1.57	2.23
Capital Work-in-Progress		144.60	193.51
Non-Current Investments	13	82.97	723.12
Long-Term Loans and Advances	14	50.35	236.47
		1461.72	2254.99
Current Assets			
Inventories	15	217.04	169.06
Trade Receivables	16	111.84	149.98
Cash and Bank Balances	17	85.00	56.82
Short-term Loans and Advances	18	2.00	36.54
Other Current Assets	19	264.96	334.08
		680.84	746.48
Total		2142.56	3001.47
Significant Accounting Policies 1			
Accompanying Notes are an integral part of the Financial Statements			

As per our Report of even date
 For C. Ramachandram & Co.
 Chartered Accountants
 C. Ramachandram

Partner
 Membership No: 025834
 F.R. No. 0028615

Place: Hyderabad
 Date: 27-05-2016



for and on behalf of the Board of Directors

P. Prathap Reddy
 Chairman and Managing Director
 DIN: 00093176

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

Bezawada Vikram
 Executive Director
 DIN: 02086809

Raj Kumar Singh
 Company Secretary
 M.No: 14285

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PENNA CEMENT INDUSTRIES LTD

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Notes	Year ended 31-03-2016 Rs in Crores	Year ended 31-03-2015 Rs in Crores
REVENUE			
Sale of Products and Services	20	2266.68	2145.33
Less: Sales Tax		226.61	225.57
Less: Excise Duty		225.68	218.20
Revenue from Operations		1814.39	1701.56
Trade Sale		...	40.75
Other Operating Income (Refer Note No.30 I)		46.75	44.43
Income from Investment Activity		6.60	1.98
Other Income	21	3.37	6.62
Total Revenue		1871.11	1795.34
EXPENSES			
Cost of Raw Materials Consumed	22	282.15	306.14
Other Manufacturing Expenses	23	454.57	457.36
Trade Purchase		...	39.00
Changes in Inventories of Finished Goods, Work-in-Progress	24	0.43	21.11
Employee Benefit Expenses	25	64.70	62.75
Depreciation		75.96	72.18
Finance Costs	26	64.03	75.95
Other Expenses	27	539.93	520.46
Total Expenses		1481.77	1666.03
Profit Before Tax		389.34	239.41
Tax Expenses:			
Current Tax		83.57	68.48
Mat Credit Entitlement		(20.78)	
Deferred Tax Liability (Net)		51.26	12.45
Prior Year Tax Charge		6.15	0.05
Profit After Tax		269.14	158.43
Earnings Per Share			
Basic and Diluted Earnings Per Share (Rs.)		201	118
Significant Accounting Policies	1		
Accompanying Notes are an integral part of the Financial Statements			

As per our Report of even date
For C. Ramachandram & Co.
Chartered Accountants
C. Ramachandram

Partner
Membership No: 025834
F.R. No. 002864S



Place: Hyderabad
Date: 27-05-2016

for and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

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

Bezawada Vikram
Executive Director
DIN:02086809

Raj Kumar Singh
Company Secretary
M.No:14265

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	2015-2016 Rs in Crores	2014-2015 Rs in Crores
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	389.33	239.41
Adjustments for:		
Depreciation	75.97	72.18
Interest Expenses	62.43	73.21
Provision for Retirement Benefits	(0.34)	0.67
Foreign Exchange (gain/loss)	1.60	1.37
Profit on sale of Assets	(0.01)	(0.02)
Interest Income	(3.25)	(3.96)
Dividend Income	(6.60)	(1.98)
Operating Profit before Working Capital Charges	519.14	380.88
Movements in Working Capital		
Increase/(Decrease) in Trade Payable & Other Liabilities	(31.22)	17.79
(Increase) / Decrease in Trade Receivables	38.15	(52.00)
(Increase) / Decrease in Inventories	(47.99)	60.96
(Increase) / Decrease in Loans & Advances	103.83	77.27
Cash Generated from Operations	581.71	484.90
Income Tax	(69.00)	(41.98)
Extraordinary Items	(0.15)	(0.05)
Net Cash from Operating Activities (A)	506.56	442.87
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (incl. CWIP)	(118.31)	(95.46)
Sale of Fixed Assets	9.36	0.06
Advance for Capital Goods	186.12	(168.92)
Purchase of Investments(incl. transfer from merger)	...	(160.29)
Transfer of Investments (Refer Note-29)	640.15	0.01
Interest Income	3.25	3.96
Dividend Income	6.60	1.98
Transfer on account of Scheme of Arrangement (Refer Note-29)	(1187.30)	...
Net Cash from Investing Activities (B)	(460.13)	(418.66)
C. Cash Flow from Financing Activities		
Repayment of Borrowings	(115.38)	(146.16)
Proceeds from Borrowings	100.00	235.38
Long Term Liabilities & Provisions	67.61	(0.24)
Dividend & Dividend Tax Paid	(8.05)	(3.91)
Interest Paid	(62.43)	(73.21)
Net Cash from Financing Activities (C)	(18.25)	11.86
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	28.18	36.07
Cash and Cash Equivalents – Opening Balance	56.82	20.75
Cash and Cash Equivalents – Closing Balance	85.00	56.82

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**a) Basis of Accounting and preparation of financial statements**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (GAAP) to comply with the Accounting Standards notified under Sec 133 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under historical cost convention. The accounting policies adopted in preparation of the financial statements are consistent with those followed in the previous year.

b) Use of Estimates

The preparation of the financial statements are in conformity with the generally accepted accounting principles which requires that the management makes estimates and assumptions, that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as on the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Difference between actual results and estimates are recognized in the period in which the results are known (or) materialize.

c) Inventory:

- i) Inventory of raw materials are valued at lower of cost or net realizable value. Cost is determined using weighted average cost method.
- ii) Inventory of work-in-progress is valued at cost.
- iii) Inventory of finished goods at factory is valued at lower of cost or net realizable value. Cost includes direct materials, labour, a proportion of manufacturing overheads based on normal operating capacity and all charges incurred in bringing the goods to the point of sale. Stocks with consignment agents / branches are valued at cost inclusive of excise duty and freight. Net realizable value is the estimated selling price in the ordinary course of business; less estimated cost of completion and estimated costs necessary to make the sale.
- iv) Stores and spares, packing materials are valued at cost.

d) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of 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 based on the available information.

e) Depreciation:

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the management. Depreciation for assets purchased / sold during the period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the group for its use.

PENNA CEMENT INDUSTRIES LTD

Assets not owned by the Company are amortized on straight line method over a period of five years or the period specified in the agreement. The management estimates the useful lives for the other fixed assets as follows:

Particulars	Life in No. of Years
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
Software	6

For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represents the period over which the Management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of Companies Act, 2013.

f) Revenue Recognition

Sales are recognized on transfer of significant risks and rewards of ownership of goods to the buyer. Sales include excise duty and sales tax.

Revenue from Power Supply is accounted for on the basis of billings to consumers/State Transmission Utility and includes unbilled revenues accrued up to the end of the accounting year.

Dividend income on investments is accounted for when the right to receive the same is established.

Interest income is recognized using the time-proportion method, based on rates implicit in the transaction.

Insurance and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

g) Fixed Assets:

'Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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PENNA CEMENT INDUSTRIES LTD

Assets under installation or projects under construction as at the date of Balance Sheet are shown as Capital Works-in-Progress.

Incidental Expenditure during construction period is grouped under Capital Works-In-Progress (CWIP). CWIP is stated at the amount expended up to the date of Balance Sheet. Upon commencement of commercial production, the expenditure is allocated to buildings and plant and machinery in the ratio of their direct cost.

CENVAT: With regard to Cement Division, CENVAT claimed on Capital Goods is credited to Plant & Machinery / Capital Work-in-Progress Account. However, with regard to Power Division, no CENVAT is claimed on Capital Goods.

Gains/ losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of profit and loss.

h) Foreign Currency Transactions:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. Monetary items (assets and liabilities) denominated in foreign currency are reported using exchange rate prevailing on the Balance Sheet date. Non-monetary are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevailing on the date of the transaction.

Exchange differences arising on the settlement/ restatement of short-term foreign currency monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expenses in the year in which they arise. Exchange differences relating to long term foreign currency monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable asset are added to / deducted from the cost of the asset and depreciated over the balance useful life of the asset.

i) Government Grants/Subsidies:

Government grants / subsidies / re-imburements are recognized when there is a reasonable assurance that the Company will comply with conditions attached thereto and on the basis of sanctioned amount from the concerned Government Departments.

Capital Government Grants or Subsidies relating to specific fixed assets are deducted from the carrying value of the respective fixed assets.

Revenue Government Grants or Subsidies relating to an expense item are recognized as income over the period to match them on a systematic basis to the costs for which they are intended to compensate.

j) Investments:

Current Investments are valued at lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties. Long term investments are carried individually at cost, less provision for diminution, other than temporary in value of such investments, if any.

k) Employee benefits:**i) Defined Contribution Plan**

Employee benefits in the form of contribution to provident fund are managed by Government Authorities. Employees State Insurance Corporation is considered as defined benefit plan and the same is charged to the statement of Profit and Loss for the year when the contributions to the respective funds are due.

ii) Defined Benefit Plan

Retirement benefit in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet. Actuarial gains/losses, if any, are recognized in the statement of Profit and Loss in the period in which they occur.

Leave encashment is recognized on accrual basis in the Statement of Profit and Loss of the year.

l) Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs not directly related to the acquisition, construction or production of a qualifying asset are recognized as an expense in the year in which they are incurred.

m) Segment Reporting :

Primary Segment is identified based on the nature of products and services, the different risks and returns and the internal business reporting system.

Secondary and Third segment is identified based on geography in which major operating divisions of the Company operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

n) Leases:

Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit of the company.

o) Earning Per Share (EPS):

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of equity shares outstanding during the year.

p) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and is capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and tax laws enacted or substantially enacted as at reporting date. Deferred tax assets are reviewed at each Balance Sheet for their realisability.

q) Impairment of Assets:

The carrying amount of assets is reviewed at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

r) Provisions and Contingent Liabilities/Assets:

Provisions in respect of present obligation arising out of past events are made in the accounts when reliable estimate can be made of the amount of the obligations. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates.

The contingent liabilities are disclosed, unless the possibilities of outflow of resources are remote. Contingent Assets are generally neither recognized nor disclosed in the financial statements.

Rs. In Crores

NOTE – 2	As At 31-03-2016	As At 31-03-2015
SHARE CAPITAL:		
Authorised:		
7,50,00,000 Equity Shares of Rs.10/- each	75.00	90.00
*(Previous year 9,00,00,000 Equity Shares of Rs.10/- each)		
Issued, Subscribed and Paid Up:		
1,33,80,000 Equity Shares of Rs.10/- each fully paid up	13.38	13.38
(previous year 1,33,80,000 Equity Shares of Rs.10/- each)		
Total	13.38	13.38
*Due to Scheme of Arrangement, Authorized Capital reduced from Rs.90.00 Crores to Rs.75.00 Crores (Refer Note-29)		

- a) The Company has a single class of equity shares. Accordingly, all equity shares rank pari passu with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as and when declared from time to time.
- b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is set out below:

Particulars	As At 31-03-2016		As At 31-03-2015	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	1,33,80,000	13,38,00,000	1,33,80,000	13,38,00,000
Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	1,33,80,000	13,38,00,000	1,33,80,000	13,38,00,000

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

Name of the Share Holder	As At 31-03-2016		As At 31-03-2015	
	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares
1. Shri. P. Prathap Reddy	13,58,500	10.15	13,58,500	10.15
2. M/s P. R. Cement Holdings Ltd	44,60,110	33.33	44,60,110	33.33
3. Shri. P. Prathap Reddy, Partner, Pioneer Builders	70,09,480	52.39	70,09,480	52.39

Rs. In Crores

NOTE – 3	As At 31-03-2016	As At 31-03-2015
RESERVES & SURPLUS		
Capital Reserve		
State Investment Subsidy		
Opening Balance	0.20	0.20
Add: Additions during the year	...	...
Less: Transferred to General Reserve*	0.20	...
Closing Balance – a	...	0.20
Reserve on account of Merger		
Opening Balance	0.23	...
Add: Additions during the year	...	0.23
Less: Transferred to General Reserve*	0.23	...
Closing Balance – b	...	0.23
Revaluation Reserve		
Opening Balance	20.37	20.37
Add: Additions during the year	...	...
Less: Transferred to General Reserve*	20.37	...
Closing Balance – c	...	20.37
General Reserve		
Opening Balance	220.30	185.30
Add: Additions during the year	36.00	36.00
Add: Transfer from State Investment Subsidy	0.20	...
Add: Transfer from Revaluation Reserve	20.37	...
Add: Transfer from Reserve on account of Merger	0.23	...
Transfer on account of Scheme of Arrangement (Refer Note-29)	241.10	...
Closing Balance – d	35.00	220.30
Debenture Redemption Reserve		
Opening Balance	35.00	...
Add: Additions during the year	...	35.00
Less: Deductions during the year	...	...
Closing Balance – e	35.00	35.00
Profit and Loss account		
Opening Balance	1121.95	1041.57
Add: Profit after tax for the year	269.14	158.43
Sub-total	1301.00	1200.00
Appropriations:		
Proposed Dividend on Equity Capital	6.69	6.69
Dividend Distribution Tax	1.36	1.36
Transfer to General Reserve	35.00	35.00
Transfer to Debenture Redemption Reserve	...	35.00
Transfer on account of Scheme of Arrangement (Refer Note-29)	946.20	...
Sub-total	...	78.05
Closing Balance – f	401.84	1121.95
Total – Reserves & Surplus (a+b+c+d+e+f)	471.84	1398.05
* Reserves no longer required are transferred to General Reserve.		

Rs. In Crores

NOTE - 4	Repayment Schedule/ Redemption	Long-Term		Current Maturity of Long-Term Borrowings*	
		As At 31-03-2016	As At 31-03-2015	As At 31-03-2016	As At 31-03-2015
LONG TERM BORROWINGS					
Secured					
Term Loans from Banks & Financial Institutions					
Non-Convertible Debentures**	June-17 to June-19	35.00	35.00	...	...
BANKS:					
1. Bank of Maharashtra	June-15 to Mar-19	42.18	56.25	18.75	18.75
2. Dhanalaxmi Bank Ltd	June-17 to Mar-23	24.00	15.00		
3. The South Indian Bank Ltd	June-17 to Mar-23	50.00	15.78		
4. State Bank of India	June-14 to Sept-16	...	19.78	19.78	40.00
5. Yes Bank Ltd	June-17 to Mar-23	26.00	24.00		
6. Yes Bank Ltd	June-17 to Mar-23	35.00	26.00		
7. Syndicate Bank	Nov-11 to Aug-16	...	6.84	6.69	15.00
OTHERS:					
8. L&T Fin. Corp. Ltd	Jan-13 to Feb-18	13.07	43.24	29.53	31.00
9. L&T Infrastructure Finance Corporation Ltd	Jan-13 to Feb-18	30.41	40.26	29.53	31.00
10. L&T Infrastructure Finance Corporation Ltd	Sept-14 to Dec-20	11.37	41.44	11.02	4.34
11. L&T Infrastructure Finance Corporation Ltd	June-16 to May-20	25.73	...	6.77	...
12. Hero Finance Corporation Ltd	Aug-16 to Apr-20	33.39	...	6.60	...
Total-a		326.15	323.59	128.67	140.09
Unsecured					
Sales Tax Deferment Loan	Mar-15 to Mar-24	219.44	237.39	17.95	5.12
Total-b		219.44	237.39	17.95	5.12
Total- (a + b)		545.59	560.98	146.62	145.21
* Amount disclosed under the head "Other Current Liabilities" (Note 10)					
**Non-Convertible Debentures are issued with the coupon rate of 12.25% per annum.					

Long-Term Borrowings:

All Secured Long-Term Borrowings are secured by first charge by way of joint equitable mortgage on the immovable and movable assets of the Company present and future subject to prior charge on the movable assets in favour of State Bank of India, IDBI Bank Ltd and YES Bank Ltd for their working capital facilities. All secured long term borrowings except NCDs are further secured by personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director.

Rs. In Crores

NOTE – 5	As At 31-03-2016	As At 31-03-2015
DEFERRED TAX LIABILITY (NET)		
Tax Impact on difference between book depreciation and depreciation under Income Tax Act, 1961 (Refer Note – 30L(b))	224.55	173.53
Total	224.55	173.53

Rs. In Crores

NOTE – 6	As At 31-03-2016	As At 31-03-2015
OTHER LONG-TERM LIABILITIES		
Payables towards Capital Creditors	117.32	89.37
Other Liabilities (incl. Deposits from Customers)*	195.44	155.85
Total	312.76	245.22
* includes Related Parties of Rs.8.17 Crores (previous year Rs.33.41 Crores) – Refer Note-30E		

Rs. In Crores

NOTE – 7	As At 31-03-2016	As At 31-03-2015
LONG-TERM PROVISIONS		
Employee Benefits		
- Leave Encashment		
- Opening balance	4.48	3.87
- Additions during the year	0.01	1.00
- Used during the year	0.34	0.39
- Closing Balance	4.15	4.48

Rs. In Crores

NOTE – 8	As At 31-03-2016	As At 31-03-2015
SHORT-TERM BORROWINGS		
Loans repayable on demand from banks Secured	227.42	186.62
Total	227.42	186.62

Short Term Borrowings

An amount of Rs.227.42 Crores towards Working Capital loan from State Bank of India, IDBI Bank Ltd and YES Bank Ltd is repayable on demand and is secured by hypothecation of inventories and book debts, present, future and second charge on the fixed assets of the Company.

Short Term Borrowings includes an amount of Rs. 61.88 Crores (previous year Rs. 40.92 Crores) related to Buyer's Credit denominated in foreign currency (unhedged).

Rs. In Crores

NOTE – 9	As At 31-03-2016	As At 31-03-2015
TRADE PAYABLES		
Creditors for Goods	24.18	57.92
Creditors for Services	23.68	59.18
Total	47.86	117.10

Rs. In Crores

NOTE – 10	As At 31-03-2016	As At 31-03-2015
OTHER CURRENT LIABILITIES		
Current maturities of long term debt	146.62	145.21
Duties & Taxes Payable	26.50	42.61
Other Payables (incl. Power, Sales Commissions etc.)*	23.55	37.61
Interest Accrued but not due	0.21	0.10
Advances from Customers	6.45	...
Total	203.33	225.53

* includes Related Parties of Rs.17.08 Crores (previous year Rs.21.06 Crores) - Refer Note-30E

Rs. In Crores

NOTE – 11	As At 31-03-2016	As At 31-03-2015
SHORT-TERM PROVISIONS		
Provision for Employee Benefit – Gratuity		
- Opening Balance	0.05	...
- Additions during the year	0.06	0.05
- Used during the year	0.05	...
- Closing Balance	0.06	0.05
Provision for Dividend (including Dividend Distribution Tax)		
- Opening Balance	8.05	3.91
- Additions during the year	8.05	8.05
- Used during the year	8.05	3.91
- Closing Balance	8.05	8.05
Provision for Income Tax		
- Opening Balance	68.48	15.93
- Additions during the year	83.57	68.48
- Used during the year	68.48	15.93
- Closing Balance	83.57	68.48
Total	91.68	76.58

P PENNA CEMENT INDUSTRIES LTD

Rs. In Crores

NOTE - 12

FIXED ASSETS		TANGIBLE ASSETS										INTANGIBLE ASSETS		
Particulars	Freehold Land	Buildings	Plant & Machinery	Railway Siding	Furniture & Fixtures	Office Equipment	Vehicles	Total	Software	Total				
Cost														
As at 31-03-2014	86.27	286.35	1147.79	84.77	1.23	6.02	10.92	1623.35	4.03	4.03				
Additions	2.06	0.87	0.98	...	0.01	0.36	0.68	4.96	...	...		
Additions on account of Lease**	1.00	2.61	13.04	...	0.03	0.04	0.11	16.83	...	...		
Discosals	...	...	...	...	...	...	0.43	0.43	...	...		
As at 31-03-2015	89.33	289.83	1161.81	84.77	1.27	6.42	11.28	1644.71	4.03	4.03				
Additions	6.30	5.99	151.54	...	0.02	1.41	1.98	167.24	...	...		
Deduction on account of Scheme of Arrangement (Refer Note-29)	1.00	2.61	13.04	...	0.03	0.04	0.11	16.83	...	...		
Discosals	...	...	...	...	...	...	0.23	0.23	...	...		
As at 31-03-2016	94.63	293.21	1300.31	84.77	1.26	7.79	12.92	1794.89	4.03	4.03				
Depreciation	...	...	...	...	...	...	...	...	...	...
As at 31-03-2014	...	58.26	384.07	14.95	0.74	4.03	4.47	466.52	1.15	1.15				
Charge for the year	...	7.95	58.27	4.03	0.06	0.28	0.93	71.52	0.65	0.65				
Additions on account of Lease	...	0.98	6.02	...	0.02	0.04	0.08	7.14	...	...		
Discosals	...	...	...	...	...	...	0.13	0.13	...	...		
As at 31-03-2015	...	67.19	448.36	18.98	0.82	4.35	5.35	545.05	1.80	1.80				
Charge for the year	...	7.95	61.98	4.03	0.06	0.34	0.97	75.33	0.66	0.66				
Deduction on account of Scheme of Arrangement (Refer Note-29))	...	1.03	6.36	...	0.03	0.04	0.08	7.54	...	...		
Discosals	...	...	...	...	...	...	0.18	0.18	...	...		
As at 31-03-2016	...	74.11	503.98	23.01	0.85	4.65	6.06	612.66	2.46	2.46				
Net Block														
As At 31-03-2015	39.33	222.64	713.45	65.79	0.45	2.07	5.93	1099.56	2.23	2.23				
As At 31-03-2016	34.63	219.10	796.33	61.76	0.41	3.14	6.86	1182.23	1.57	1.57				

**The title deeds of properties transferred pursuant to the Scheme of Arrangement / Amalgamation of M/s Siba Industries Limited.

CAPITAL WORK-IN-PROGRESS

Particulars	Civil Work-in-Progress	Plant & Machinery Under Installation	Pre-Operative Expenses	Total
As At 31-03-2015	48.19	145.03	0.29	193.51*
As At 31-03-2016	11.97	126.83	5.80	144.60*

*Includes Borrowing cost of Rs. 14.26 crores capitalized during the year 2015-16 (Previous year: 7.45 crores)

Rs. In Crores

NOTE – 13	As At 31-03-2016	As At 31-03-2015
NON CURRENT INVESTMENTS – UNQUOTED (valued at cost, unless stated otherwise)		
A. Equity Investment in Govt. or Trust Securities:		
5,36,000 Equity Shares of Rs.10/- each in APGPCL	8.05	8.05
B. Equity Investments in Subsidiary Companies:		
86,465 Equity Shares of 1,000 Dirhams each in Penna Global Investments FZ – LLC.,*	...	100.14
50,000 Equity Shares of Rs.10/- each in PCIL Power & Holdings Ltd*	...	0.05
5,83,19,047 Equity Shares of Rs.10/- each in Pioneer Cement Industries Ltd	58.32	58.32
C. Equity Investments in Associate Companies:		
1,32,00,000 Equity Share of Rs.10/- each in Parasakti Cement Industries Ltd *	16.60	16.60
48,96,09,930 Equity Shares of Rs.10/- each in Anrak Aluminum Ltd*	...	510.46
2,79,98,648 Equity Shares of Rs.10/- each in Pioneer Power Ltd*	...	28.00
15,00,000 Equity Shares of Rs.10/- each in Pioneer Power Corporation Ltd*	...	1.50
Total	82.97	723.12
* As per the Scheme of Arrangement approved by Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh, the Investments are transferred to Resulting Company and Investments in PCIL Power & Holdings Ltd are cancelled (Ref Note: 29)		

Rs. In Crores

NOTE – 14	As At 31-03-2016	As At 31-03-2015
LONG-TERM LOANS AND ADVANCES (Unsecured Considered good)		
Capital Advances*	35.07	203.34
Security Deposits	15.28	33.13
Total	50.35	236.47
* includes Related Parties of Rs.Nil (previous year Rs.46.29 Crores) - Refer Note-30E		

Rs. In Crores

NOTE – 15	As At 31-03-2016	As At 31-03-2015
INVENTORIES (Valued at lower of Cost or net realizable value, unless otherwise stated)		
In Stock		
Raw Materials	6.33	12.97
Fuel	101.33	61.34
Work-in-Progress	27.51	24.78
Finished Goods	7.27	10.43
Stores & Spares	72.27	55.24
Packing Material	2.33	4.30
Total	217.04	169.06

NOTE – 16	Rs. In Crores	
	As At 31-03-2016	As At 31-03-2015
TRADE RECEIVABLES (Unsecured unless otherwise specified)		
Outstanding for more than six months from the due date	0.78	0.97
Others*	111.06	149.01
Total	111.84	149.98
* Includes Related Parties of Rs.0.14 Crores (previous year Rs.7.37 Crores) - Refer Note-30E		
Note: Debtors considered good are secured to the extent of Rs. 3.67 Crores by dealer Deposits with the Company.		

NOTE – 17	Rs. In Crores	
	As At 31-03-2016	As At 31-03-2015
CASH AND BANK BALANCES		
Cash in Hand	0.10	0.09
Balance with Banks		
- In Current Account	68.67	37.33
- In Fixed Deposits Maturity more than 3 months but less than 12 months (Margin Money against BG & LC)	16.23	19.40
Total	85.00	56.82

NOTE – 18	Rs. In Crores	
	As At 31-03-2016	As At 31-03-2015
SHORT TERM LOANS AND ADVANCES (Unsecured and considered good)		
Advances for Purchase of Investments	...	36.54
Advances for Services	2.00	...
Total	2.00	36.54

NOTE – 19	Rs. In Crores	
	As At 31-03-2016	As At 31-03-2015
OTHER CURRENT ASSETS		
Advance to Suppliers recoverable in cash or in kind	139.04	241.95
Prepaid Expenses	4.49	4.19
Govt. Deposits	101.64	56.79
Cenvat Credits	10.41	8.76
Advances to Employees	3.43	2.44
Deposit - Others	5.95	19.95
Total	264.96	334.08
* includes Related Parties of Rs.71.62 Crores (previous year Rs.169.50 Crores) - Refer Note-30E		

NOTE – 20	Rs. In Crores	
	For the Year ended 31-03-2016	For the Year ended 31-03-2015
REVENUE FROM OPERATIONS		
Sale of Products	2100.31	2004.14
Sale of Power	166.37	141.19
Total Revenue from Operations	2266.68	2145.33

Rs. In Crores

NOTE – 21	For the Year ended 31-03-2016	For the Year ended 31-03-2015
OTHER INCOME		
Profit on Sale of Fixed Assets	0.01	0.03
Scrap Sale	0.11	2.63
Interest Income	3.25	3.96
Total	3.37	6.62

Rs. In Crores

NOTE – 22	For the Year ended 31-03-2016	For the Year ended 31-03-2015
COST OF RAW MATERIALS CONSUMED		
- Limestone	67.49	61.42
- Bauxite	24.66	27.74
- Iron Ore	13.35	12.71
- Gypsum	24.41	20.81
- Slag	10.73	8.55
- Fly Ash	25.74	32.75
- Coal	115.77	136.91
- Natural Gas	...	5.25
Total	282.15	306.14

Rs. In Crores

NOTE – 23	For the Year ended 31-03-2016	For the Year ended 31-03-2015
OTHER MANUFACTURING EXPENSES		
Power & Fuel	349.99	352.30
Stores & Spares Consumed	31.83	27.90
Packing Material Consumed	51.49	59.23
Repairs & Maintenance – Machinery	14.15	13.20
Repairs & Maintenance – Buildings	2.16	1.53
Repairs & Maintenance – Office Equipment	0.04	0.07
Repairs & Maintenance – Others	4.91	3.13
Total	454.57	457.36

Rs. In Crores

NOTE – 24	For the Year ended 31-03-2016	For the Year ended 31-03-2015
(INCREASE)/DECREASE IN FINISHED GOODS & STOCK IN PROCESS		
Closing Stock		
- Finished Goods	17.88	10.43
- Stock in Process	16.90	24.78
	34.78	35.21
Opening Stock		
- Finished Goods	10.43	19.60
- Stock in Process	24.78	36.72
	35.21	56.32
Total (Increase)/Decrease in Stock	0.43	21.11

Rs. In Crores

NOTE – 25	For the Year ended 31-03-2016	For the Year ended 31-03-2015
EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages, bonus, gratuity and allowances	56.71	55.32
Contribution to PF, ESI	4.26	3.99
Staff Welfare Expenses	3.73	3.44
Total	64.70	62.75

Rs. In Crores

NOTE – 26	For the Year ended 31-03-2016	For the Year ended 31-03-2015
FINANCE COSTS		
Interest on Term Loans	39.66	43.46
Interest on Debentures	4.30	3.42
Interest on Working Capital	14.00	17.29
Bank Charges	4.41	10.42
Loss on Exchange Fluctuation	1.60	1.36
Total	64.03	75.95

Rs. In Crores

NOTE – 27	For the Year ended 31-03-2016	For the Year ended 31-03-2015
OTHER EXPENSES		
Rent	11.02	12.05
Insurance	4.13	3.59
Directors' Remuneration	15.51	10.58
Auditors' Remuneration	0.12	0.12
Printing & Stationery	0.23	0.20
Communication Cost	0.90	0.88
Directors Travelling Expenses	1.04	1.16
Others Travelling Expenses	3.02	3.30
Conveyance Expenses	3.23	3.39
Professional & Legal Expenses	8.03	6.03
Donations	0.25	0.05
Rates & Taxes	3.31	2.23
Security Service Charges	4.45	3.86
Office Maintenance	5.80	4.95
Other Expenses	8.40	5.90
Corporate Social Responsibility	3.15	2.92
Advertisement & Publicity	11.27	22.50
Freight & Forwarding Charges	299.66	309.24
Commission on Sales	6.23	5.88
Other Selling Expenses	150.18	121.63
Total	539.93	520.46

NOTE – 28**A. Contingent liabilities/claims not provided for:****Rs. In Crores**

a)	2015-16	2014-15
i) In respect of Bank Guarantees	21.79	23.10
ii) In respect of Inland Letter of Credits	5.29	2.01
iii) In respect of Foreign Letter of Credits	14.79	27.68
iv) In respect of Unexecuted Capital Contracts	152.34	83.27

- b) Taxes, which are under Appeal, not provided for:
 1) Sales Tax : Rs. 1.99 Crores.
 2) Excise Duty/Service Tax : Rs.57.31Crores.
- c) A demand for Rs. 4.56 crores was raised by APCPDCL, towards power consumed from APGPCL. The Company is of the opinion that the surplus power from APGPCL is distributable among shareholders of APGPCL, which is under dispute and appeal is pending with High Court of Telangana & Andhra Pradesh. Till the disposal of the appeal, the company is not accepting the said liability.
- d) There are no major pending litigations, which have material impact on the financial statements of the Company.

NOTE – 29**Scheme of Arrangement**

PCIL Power and Holdings Limited (PPHL or Resulting Company) was a wholly-owned subsidiary of Penna Cement Industries Limited. It was initiated to carry the business of power generation, investment and finance.

As per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh, the company has transferred the business segment of Gas power including strategic investments in power & alumina business and corporate management services to PPHL whose equity shares are not listed in any stock exchange in India or abroad.

The Scheme became effective from 1st February 2016 (with an appointed date of 1st April 2015) when the sanction of the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh and filing of the certified copy of the same with the Registrar of Companies, Hyderabad. The Scheme of Arrangement has been accounted for in terms of the Court Orders and alterations or modifications as approved by the Board of Directors of the Company and the Resulting Company as provided for in the Scheme.

All the assets pertaining to the Gas power business segment including strategic investments in power and alumina business and corporate management services of the Company, on the appointed date, have been transferred to the Resulting Company.

The excess of assets over liabilities relating to the demerged undertaking has been transferred as at 1st April, 2015 and adjusted in terms of the Scheme against the General reserve and Profit and loss account of the Company.

NOTE – 30

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

Rs. In crores

	For the Year 2015-2016		For the Year 2014-2015	
	Value	%	Value	%
Raw Materials				
-- Indigenous	225.94	80	241.57	79
-- Imported	56.21	20	64.57	21
Total	282.15	100	306.14	100
Fuel				
-- Indigenous	69.29	32	90.02	38
-- Imported	146.05	68	147.55	62
Total	215.34	100	237.57	100
Stores, Spares and Packing Materials				
-- Indigenous	82.37	99	87.03	99
-- Imported	0.95	1	0.10	1
Total	83.32	100	87.13	100

B) Value of Import on CIF basis:

	For the Year 2015-16 Rs. In crores	For the Year 2014-15 Rs. In crores
Spares	0.95	0.09
Capital Goods	7.00	0.93
Fuel	180.55	174.50

C) Expenditure in Foreign Currency

	For the Year 2015-16 Rs. In crores	For the Year 2014-15 Rs. In crores
Travel expenses	0.51	0.72
Books and Others	...	0.40
License Fees	0.04	0.08
Fuel	182.30	229.94

D) Auditors Remuneration:

	For the Year 2015-16 Rs. In crores	For the Year 2014-15 Rs. In crores
a) Statutory Auditor		
Audit Fee	0.10	0.10
Certification & Fees for other Services	0.01	0.01
b) Cost Auditor	0.01	0.01
Total	0.12	0.12

E) Related Party disclosures under Accounting Standards – 18.

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

a) Subsidiary of the Company

1. Pioneer Cement Industries Ltd
2. Marwar Cements Ltd

b) Associates of the Company

1. Parasakti Cement Industries Ltd

c) Parties having Significant Influence

1. Pioneer Builderrs Ltd
2. Pioneer Builders
3. P R Enerrgy Holdings Ltd
4. Pioneer Genco Ltd
5. P.R. Cement Holdiings Ltd
6. Pioneer Holiday Resorts Limited
7. Pioneer Refinery Ltd
8. Pioneer Power Corporation Limited
9. Pioneer Power Ltd
10. E-Vision Softtech India Limited
11. Lakshmi Sea Foods Limited

d) Key Management Personnel (KMP) of the Company

1. Shri P. Prathap Reddy – Chairman and Managing Director
2. Shri Bezawada Vikram – Executive Director
3. Shri D.Lakshmi Kantham – Director (Technical)
4. Shri Petluru Venugopal Reddy – Director (Finance) & CFO
5. Shri Rajkumar 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

Transactions with Related Parties:

Rs. In Crores

S.no	Description	Subsidiaries	Associates	Party having Significant Influence	Key Management Personnel	Relative of KMP	Total
1	Long Term Liabilities	...	5.00	...	...	...	5.00
2	Managerial Remuneration	...	...	...	15.84	...	15.84
3	Services	...	...	57.50	0.03	2.18	59.71
4	Purchase of Shares	...	...	...	...	...	...
5	Investments	...	...	...	...	...	...
6	Advance for Expenses	28.86	...	6.63	...	...	35.49
7	Sale of Cement	...	...	3.59	...	0.03	3.62

Balance as at 31st March, 2016:

Rs. In Crores

S.no	Description	Subsidiaries	Associates	Party having Significant Influence	Key Management Personnel	Relative of KMP	Total
1	Long Term Liabilities	...	(8.17)	...	...	...	(8.17)
2	Managerial Remuneration	...	...	...	(12.08)	...	(12.08)
3	Services	...	...	(3.17)	...	(0.13)	(3.30)
4	Purchase of Shares	...	...	(1.70)	...	...	(1.70)
5	Investments	58.32	16.60	...	...	...	74.92
6	Advance for Expenses	55.01	...	15.61	...	1.00	71.62
7	Sale of Cement	...	...	3.10	...	0.04	3.14

F) Segment Reporting:

The Company has three primary business segments namely Cement, Thermal Power & Waste Heat Recovery(WHR). There is no reportable secondary segments the Company operates only in one geographical area. Revenue, Results and other information:

Particulars	Cement		Thermal/Gas Power		WHR		Rs. In Crores Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenue								
External Sale	2100.03	2003.84	166.65	141.49	...	...	2266.68	2145.33
Inler Segment Revenue	0.10	...	47.86	64.46	6.82	...	54.88	64.46
Total Revenue		2003.84		205.95			2321.56	2209.79
Less: Inter-Segment Eliminations							64.88	64.46
Net Total Revenue							2266.68	2145.33
Results								
Segment Results (Profit before Interest, Exceptional Items & Tax)	322.61	230.78	72.42	31.55	1.61	...	396.64	262.33
Add: Un-allocated Income							56.73	53.03
Less: Interest & Financial Expenses (Net)							64.03	75.95
Profit before exceptional items & Tax							389.34	239.41
Less: Exceptional Items								...
Profit before Tax								
Tax Expenses							120.20	80.98
Profit after Tax							269.14	158.43
Other Information								
Segment Assets	1811.07	1775.13	185.71	1226.34	145.78	...	2142.56	3001.47
Un-allocated Assets							...	...
Total Assets	1811.07	1775.13	185.71	1226.34	145.78	...	2142.56	3001.47
Segment Liabilities	1450.56	1486.35	56.27	95.64	150.51		1657.34	1581.99
Un-allocated Liabilities & Provisions							....	....
Total Liabilities	1450.56	1486.35	56.27	95.64	150.51		1657.34	1581.99
Depreciation & Amortization	62.19	62.05	9.76	10.13	4.02	...	75.97	72.18
Capital Expenditure	144.59	193.51		....			144.59	193.51
Significant Non-Cash Expenses other than Depreciation & Amortization								

G) The Company has sent letters during the year seeking confirmations from its suppliers whether they fall under the category of micro, small and medium enterprises as mentioned under the Micro, Small and Medium Enterprises Development Act 2006. Based on the information available, the company believes that it does not have any dues to micro, small and medium enterprises.

P PENNA CEMENT INDUSTRIES LTD

- H) Letters have been sent to the parties for confirmation of balances either to confirm or revert back within a stipulated time period, if there is any disagreement with the balance stated, failing which balance has stated in the letter would be taken as confirmed.
- I) Power Tariff Reimbursement and Sales Tax Grant on account of the Plants at Boyireddypalli and Tandur will be accounted for, on the basis of sanctioned amount from Department of Industries, Govt., of Andhra Pradesh and Telangana under the terms of Industrial Policy 2005-10.

Other Operating Income of Rs.46.75 Crores (previous year 44.43 Crores) - Sales Tax and Power Tariff Incentives under State Investment Promotion Scheme.

- J) Gratuity: The Company has taken a policy from Life Insurance Corporation of India for the gratuity amount as per the actuarial valuation.

Rs. In Crores

		Gratuity (Funded Plan)	
		As at 31-03-2016	As at 31-03-2015
I	Change in Obligation		
	1 Present Value of defined benefit obligation at the beginning of the year	8.18	7.74
	2 Current service cost	0.70	0.55
	3 Interest cost	0.65	0.62
	4 Actuarial (gain) / loss on obligation	0.82	(0.41)
	5 Benefits paid	(0.77)	(0.32)
	6 Present Value of defined benefit obligation at the end of the year	9.58	8.18
II	Change in the Fair Value of Plan Assets		
	1 Fair Value of Plan assets at the beginning of the year	7.18	4.75
	2 Expected return on plan assets	0.60	0.53
	3 Contributions by employer	0.76	2.23
	4 Actuarial gain / (loss) on plan assets	-	-
	5 Benefits paid	(0.77)	(0.32)
	6 Fair Value of Plan assets at the end of the year	7.78	7.18
III	Expenses recognized in the Profit and Loss Account		
	1 Current service cost	0.70	0.55
	2 Interest cost	0.65	0.62
	3 Expected return on plan assets	(0.60)	0.53
	4 Net actuarial loss / (gain) recognized in the current year	0.82	(0.41)
	5 Expenses recognized in the Profit and Loss Account	1.58	0.23
IV	Expenses recognized in the Balance Sheet as at the end of the year		
	1 Present value of defined benefit obligation	9.59	8.18
	2 Fair Value of plan assets at the end of the year	(7.78)	(7.18)
	3 Funded status [Surplus / (Deficit)]	1.80	1.00
	4 Net assets / (liability) as at the end of the year	1.80	1.00
V	The major categories of plan assets as a percentage of total plan		
	1 Qualifying Insurance Policy	100%	100%
VI	Actuarial Assumptions		
	1 Discount rate	8%	8%
	2 Mortality rate	LIC (2006-08 Ultimate)	LIC (2006-08 Ultimate)
	3 Withdrawal rate	1-3% depending	1-5% depending
	4 Actual return on plan assets	(0.60)	0.53

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PENNA CEMENT INDUSTRIES LTD

K) Earnings per Share (EPS) –

		Year Ended 31-03-2016	Year Ended 31-03-2015
a)	Profit attributable to the Equity Share Holders (Rs in Cr) – A	269.14	158.43
b)	No. of Equity Shares	1,33,80,000	1,33,80,000
c)	Nominal Value of the Share (Rs.)	10	10
d)	Basic / Weighted average number of Equity Shares - B	1,33,80,000	1,33,80,000
e)	Earnings per Share (Rs.) – A/B*	201.15	118.41

L) Income Tax:

- a) **Current Tax:** Provision for current tax has been made on taxable profits in accordance with the provisions of Income Tax Act, 1961. The Income Tax Department has raised certain demands on the Company which has been disputed and paid under protest.
- b) **Deferred Tax:** The liability/ (asset) as computed under AS – 22 for the year 2015-16 is Rs.51.26 crores (previous year Rs.12.45 Crores) and the same has been debited to the Profit and Loss Appropriation Account.
- M) As stipulated in AS-28, 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.
- N) The Company along with Shri P. Prathap Reddy has entered Share Buy Back Agreement with IFCI Limited for buyback of shares of Anrak Aluminium Ltd. At present, the Company along with Shri P. Prathap Reddy has an obligation of Rs.00.00 Crores.
- O) 1) Operating lease payment recognized in the statement of Profit and Loss amounts to Rs.11.02 Crores (previous year Rs.12.05 Crores)
- 2) General Description of leasing agreements:
- Leased Assets: Godowns, Offices & Others.
 - Future Lease rentals are determined on the basis of agreed terms.
 - At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing.
- P) In pursuant to the scheme of arrangement approved by Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh, certain assets and liabilities are transferred. Hence, the schedules of previous year are not comparable with that of current year figures.
- Q) Previous figures have been re-grouped / re-classified / re-cast wherever necessary to confirm to current years' presentation.

As per our Report of even date


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


Partner
Membership No: 025834
F.R. No. 002864SPlace: Hyderabad
Date: 27-05-2016

for and on behalf of the Board of Directors


P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176


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


Bezawada Vikram
Executive Director
DIN:02086809


Raj Kumar Singh
Company Secretary
M.No:14265



PENNA CEMENT INDUSTRIES LTD

STATEMENT CONTAINING THE SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT , 2013

PART A : SUBSIDIARIES

Rs. In Crores

1.	Name of the Subsidiary	** Pioneer Cement Industries Ltd
2.	Reporting Currency	INR
3.	Exchange Rate in Rs.	1.00
4.	Share Capital	58.31
5.	Reserves & Surplus	0.09
6.	Total Assets	139.49
7.	Total Liabilities	81.08
8.	Investments	-
9.	Profit before taxation	(0.26)
10.	Profit after taxation	(0.18)
11.	% of Share holding	100%

Note: Which is yet to commence the operations.

PART B : ASSOCIATES

**STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT , 2013
RELATED TO ASSOCIATE COMPANIES**

Name of the Associate	Parasakti Cement Industries Ltd
1. Latest audited balance sheet date	31-03-2016
2. Shares of Associate held by the company on the year end	
No. of shares	1,32,00,000
Amount of Investment in Associate	16.60
Extent of holding in %	50%
3. Description of how there is significant influence	There is significant influence due to 50% of shares held by the Company.
4. Net worth attributable to Shareholding as per latest audited balance sheet	68.67
5. Profit / (Loss) for the year (considered in consolidation)	0.88

INDEPENDENT AUDITORS' REPORT

To

The Members of Penna Cement Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M/s. Penna Cement Industries Limited. ("the Holding Company") and its subsidiaries (the holding company and subsidiaries together referred as "Group"), its associates, which comprise the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss for the year ended, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

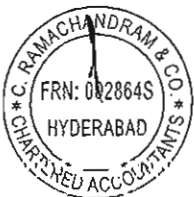
Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial statements of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2016;
- (b) In the case of the consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the group for the year ended on that date.



Other Matters

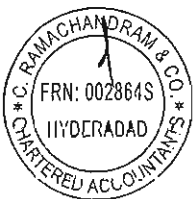
We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.111.53 Crores as at March 31, 2016, total revenues of 0.59 Crores and net cash flows amounting to Rs. (4.33) Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books and the reports of other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with in this report are in agreement with the books of accounts.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) Based on the Written Representation received from the directors of the Holding company as on March 31, 2016, and taken on record by the Board of Directors, and the reports of the statutory auditors of subsidiary companies incorporated in India, associate companies, we report that none of the directors are disqualified as on March 31, 2016 from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and.



(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The holding company and its subsidiary has disclosed the impact of pending litigations on its financial position in its financial statements Refer note-30 of notes to consolidated financial statements
- ii. The holding company and its subsidiary did not have any material foreseeable losses on long term contracts including derivative contracts.
- iii. There are no amounts which are required to be transferred to Investor Education and protection fund.

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


C. Ramachandram
Partner
M No: 025834



Place: Hyderabad
Date: May 27, 2016

Annexure -A to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of M/s. Penna Cement Industries Limited, ("the Holding Company"), its subsidiary companies and its associate, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

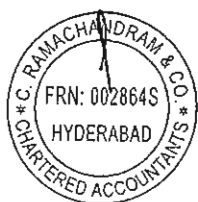
The Respective Board of Directors of the Holding company, its subsidiary companies and associate are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its Subsidiary companies incorporated in India, and its associate 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Other Matters

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

For C.Ramachandram & Co.,

Chartered accountants,
Firm registration No. 002864S



C.Ramachandram
Partner
M.No:025834



Place: Hyderabad
Date: May 27, 2016


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PENNA CEMENT INDUSTRIES LTD

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Notes	As At 31-03-2016 Rs in Crores	As At 31-03-2015 Rs in Crores
EQUITY AND LIABILITIES			
Shareholder's Funds			
a) Share Capital	2	13.38	13.38
b) Reserves and Surplus	3	517.38	2053.64
		530.76	2067.02
Capital Reserve on Consolidation		0.02	0.02
Minority Interest		25.84	25.93
Non-Current Liabilities			
Long-term Borrowings	4	545.59	560.98
Deferred Tax Liabilities (Net)	5	224.30	173.38
Other Long-term Liabilities	6	312.77	245.22
Long-term Provisions	7	4.15	4.48
		1086.81	984.06
Current Liabilities			
Short-term Borrowings	8	227.42	186.62
Trade Payables	9	47.86	117.10
Other Current Liabilities	10	203.56	226.40
Short-term Provisions	11	91.69	76.58
		570.53	606.70
Total		2213.96	3683.73
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	1236.79	1131.91
Intangible Assets		2.20	2.91
Capital Work-in-Progress		189.02	240.34
Non-Current Investments	13	70.12	1306.15
Long-Term Loans and Advances	14	73.00	256.81
Other Non-current Assets	15	13.29	3.15
		1584.42	2941.27
Current Assets			
Current Investments	16	0.01	0.02
Inventories	17	217.04	169.07
Trade Receivables	18	111.84	153.12
Cash and Bank Balances	19	88.45	75.69
Short-term Loans and Advances	20	2.00	45.59
Other Current Assets	21	210.20	298.97
		629.54	742.46
Total		2213.96	3683.73
Significant Accounting Policies 1			
Accompanying Notes are an integral part of the Financial Statements			

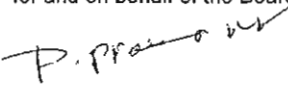
As per our Report of even date
For C. Ramachandram & Co.
Chartered Accountants
C. Ramachandram

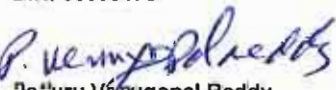

Partner
Membership No: 025834
F.R. No. 002864S

Place: Hyderabad
Date: 27-05-2016

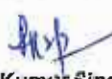


for and on behalf of the Board of Directors


P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176


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


Bezawada Vikram
Executive Director
DIN:02086809


Raj Kumar Singh
Company Secretary
M.No:14265


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PENNA CEMENT INDUSTRIES LTD

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Notes	Year ended 31-03-2016 Rs In Crores	Year ended 31-03-2015 Rs In Crores
REVENUE			
Sale of Products and Services	22	2266.68	2145.32
Less: Sales Tax		226.61	225.57
Less: Excise Duty		225.68	218.20
Revenue from Operations		1814.39	1701.55
Trade Sale		...	40.75
Other Operating Income (Refer Note No.30 I)		46.75	44.43
Income from Investment Activity		6.60	1.98
Other Income	23	4.03	6.91
Total Revenue		1871.77	1795.62
EXPENSES			
Cost of Raw Materials Consumed	24	282.15	306.14
Other Manufacturing Expenses	25	455.39	458.13
Trade Purchase		...	39.98
Changes in Inventories of Finished Goods, Work-in-Progress	26	0.43	21.11
Employee Benefits Expenses	27	64.70	62.75
Depreciation		76.03	72.23
Finance Costs	28	64.03	75.95
Other Expenses	29	630.07	620.60
Total Expenses		1482.70	1556.98
Profit Before Tax		389.07	238.64
Tax Expenses:			
Current Tax		83.58	68.48
Mat Credit Entitlement		(20.78)	
Deferred Tax Liability (Net)		51.16	12.27
Prior Year Tax Charge		6.15	0.04
Profit for the Year before Minority Interest & Share of Profits from the Associates		268.96	157.85
Share of Profits of the Associates		0.88	15.75
Share of Minority Interest		0.08	0.16
Profit for the Year		269.92	173.76
Earnings Per Share			
Basic and Diluted Earnings Per Share (Rs.)		202	130
Significant Accounting Policies	1		
Accompanying Notes are an integral part of the Financial Statements			

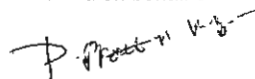
As per our Report of even date
For C. Ramachandram & Co.
Chartered Accountants
C. Ramachandram

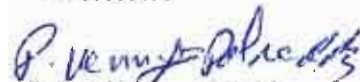

Partner
Membership No: 025834
F.R. No. 002864S

Place: Hyderabad
Date: 27-05-2016



for and on behalf of the Board of Directors


P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176


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


Bezawada Vikram
Executive Director
DIN:02086809


Raj Kumar Singh
Company Secretary
M.No:14265

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

Particulars	2015-2016 Rs in Crores	2014-2015 Rs in Crores
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	389.07	238.64
Adjustments for:		
Depreciation	76.03	72.23
Interest Expenses	62.43	74.58
Provision for Retirement Benefits	(0.34)	0.67
Foreign exchange (gain/loss)	1.60	29.46
Profit on sale of Assets	(0.01)	(0.02)
Interest Income	(3.85)	(4.22)
Dividend Income	(6.60)	(1.98)
Operating Profit before Working Capital Charges	518.33	409.36
Movements in Working Capital		
Increase/(Decrease) in Trade Payable & Other Liabilities	(77.84)	(11.53)
(Increase) / Decrease in Trade Receivables	38.00	(93.02)
(Increase) / Decrease in Inventories	(47.99)	78.92
(Increase) / Decrease in Loans & Advances	158.65	103.42
Cash Generated from Operations	589.15	486.34
Income Tax	(69.00)	(42.01)
Extraordinary Items	(6.16)	(0.04)
Net Cash from Operating Activities (A)	514.00	444.29
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(148.48)	(131.83)
Sale of Fixed Assets	9.36	0.06
Advances for Capital Goods	203.82	(168.92)
Purchase of Investments	...	(121.92)
Transfer of Investments (Refer Note-31)	640.15	0.03
Interest Income	3.85	3.96
Dividend Income	6.60	2.24
Transfer on account of Scheme of Arrangement (Refer Note-31)	(1198.29)	-
Net Cash from Investing Activities (B)	(482.99)	(416.38)
C. Cash Flow from Financing Activities		
Repayment of Borrowings	(115.38)	(146.17)
Proceeds from Borrowings	100.00	235.38
Long Term Liabilities & Provisions	67.61	(0.24)
Dividend & Dividend Tax Paid	(8.05)	(3.91)
Interest Paid	(62.43)	(86.01)
Net Cash from Financing Activities (C)	(18.25)	(1.84)
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	12.76	26.07
Cash and Cash Equivalents – Opening Balance	75.69	49.62
Cash and Cash Equivalents – Closing Balance	88.45	75.69

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**a) Basis of Accounting and preparation of financial statements**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (GAAP) to comply with the Accounting Standards notified under Sec 133 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under historical cost convention. The accounting policies adopted in preparation of the financial statements are consistent with those followed in the previous year.

b) Use of Estimates

The preparation of the financial statements are in conformity with the generally accepted accounting principles which requires that the management makes estimates and assumptions, that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as on the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Difference between actual results and estimates are recognized in the period in which the results are known (or) materialize.

c) Inventory:

i) Inventory of raw materials are valued at lower of cost or net realizable value. Cost is determined using weighted average cost method.

ii) Inventory of work-in-progress is valued at cost.

iii) Inventory of finished goods at factory is valued at lower of cost or net realizable value. Cost includes direct materials, labour, a proportion of manufacturing overheads based on normal operating capacity and all charges incurred in bringing the goods to the point of sale. Stocks with consignment agents / branches are valued at cost inclusive of excise duty and freight. Net realizable value is the estimated selling price in the ordinary course of business; less estimated cost of completion and estimated costs necessary to make the sale.

iv) Stores and spares, packing materials are valued at cost.

d) Cash flow statement

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

e) Depreciation:

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the management. Depreciation for assets purchased / sold during the period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the group for its use.

PENNA CEMENT INDUSTRIES LTD

Assets not owned by the Company are amortized on straight line method over a period of five years or the period specified in the agreement. The management estimates the useful lives for the other fixed assets as follows:

Particulars	Life in No. of Years
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
Software	6

For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represents the period over which the Management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of Companies Act, 2013.

f) Revenue Recognition

Sales are recognized on transfer of significant risks and rewards of ownership of goods to the buyer. Sales include excise duty and sales tax.

Revenue from Power Supply is accounted for on the basis of billings to consumers/State Transmission Utility and includes unbilled revenues accrued up to the end of the accounting year.

Dividend income on investments is accounted for when the right to receive the same is established.

Interest income is recognized using the time-proportion method, based on rates implicit in the transaction.

Insurance and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

g) Fixed Assets:

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Assets under installation or projects under construction as at the date of Balance Sheet are shown as Capital Works-in-Progress.

Incidental Expenditure during construction period is grouped under Capital Works-in-Progress (CWIP). CWIP is stated at the amount expended up to the date of Balance Sheet. Upon commencement of commercial production, the expenditure is allocated to buildings and plant and machinery in the ratio of their direct cost.

CENVAT: With regard to Cement Division, CENVAT claimed on Capital Goods is credited to Plant & Machinery / Capital Work-in-Progress Account. However, with regard to Power Division, no CENVAT is claimed on Capital Goods.

Gains/ losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of profit and loss.

h) Foreign Currency Transactions:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. Monetary items (assets and liabilities) denominated in foreign currency are reported using exchange rate prevailing on the Balance Sheet date. Non-monetary are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevailing on the date of the transaction.

Exchange differences arising on the settlement/ realization of short term foreign currency monetary items or on reporting Group monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expenses in the year in which they arise. Exchange differences relating to long term foreign currency monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable asset are added to / deducted from the cost of the asset and depreciated over the balance useful life of the asset.

i) Government Grants/Subsidies:

Government grants / subsidies / re-imburements are recognized when there is a reasonable assurance that the Group will comply with conditions attached thereto and on the basis of sanctioned amount from the concerned Government Departments.

Capital Government Grants or Subsidies relating to specific fixed assets are deducted from the carrying value of the respective fixed assets.

Revenue Government Grants or Subsidies relating to an expense item are recognized as income over the period to match them on a systematic basis to the costs for which they are intended to compensate.

j) Investments:

Current Investments are valued at lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. Long term investments are carried individually at cost, less provision for diminution, other than temporary in value of such investments, if any.

k) Employee benefits:**i) Defined Contribution Plan**

Employee benefits in the form of contribution to provident fund are managed by Government Authorities. Employees State Insurance Corporation are considered as defined benefit plan and the same is charged to the statement of Profit and Loss for the year when the contributions to the respective funds are due.

ii) Defined Benefit Plan

Retirement benefit in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet. Actuarial gains/losses, if any, are recognized in the statement of Profit and Loss in the period in which they occur.

Leave encashment is recognized on accrual basis in the Statement of Profit and Loss of the year.

l) Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs not directly related to the acquisition, construction or production of a qualifying asset are recognized as an expense in the year in which they are incurred.

m) Segment Reporting :

Primary Segment is identified based on the nature of products and services, the different risks and returns and the internal business reporting system.

Secondary and Third segment is identified based on geography in which major operating divisions of the Group operate.

The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

n) Leases:

Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit of the company.

o) Earning Per Share (EPS):

The earnings considered in ascertaining the Group EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of equity shares outstanding during the year.

p) **Principles of Consolidation:**

The subsidiaries (which along with Penna Cement Industries Ltd, the parent, constitute the Group) considered in preparation of these Consolidated Financial Statements.

Ts.no h	Name of the Subsidiary Company	Country of Incorporation	% of Shareholding as at 31.03.2016	% of Shareholding as at 31.03.2016
e1	Penna Global Investments FZ- LLC	UAE	--	100%
c2	Pioneer Cement Industries Ltd	India	100%	100%
o3	PCIL Power & Holdings Ltd	India	--	100%

Consolidated financial statements of the group are prepared on following basis:

- i) The consolidated financial statements are prepared in accordance with accounting standard – 21 "Consolidated financial statements" as notified under the Companies (Accounting Standard) rules, 2006 (as amended).
- ii) The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating Intra –group balances and intra-group transactions and resulting unrealized profits or losses in accordance with AS-21.
- iii) The financial statements of the company and its subsidiaries used in the consolidation are drawn up to the same reporting date i.e., 31st March 2016. The financial statements of foreign subsidiaries have been re-stated in Indian rupees considering them as non-integral part of Group's operations and the resultant exchange gain/loss on conversion has been carried forward as 'Foreign Currency Translation Reserve'.
- iv) The difference between the cost of investments in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as goodwill or capital reserve, as the case may be.
- v) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- vi) Investment in Associate Companies has been accounted under the equity method as per the Accounting Standard (AS)-23 – "Accounting for Investments in Consolidated financial statements"
- vii) The Company accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealized profits and losses resulting from the transactions between the Company and its associates to the extent of its share, through its Consolidated statement of profit and loss, to the extent such change is attributable to the associate's statement of profit and loss and through its reserves for the balance.
- viii) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the financial statements as Goodwill or Capital reserve as the case may be.

ix) The consolidated financial statements are prepared in using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the company's standalone financial statements.

q) **Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with Income Tax Act, 1961

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and is capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and tax laws enacted or substantially enacted as at reporting date. Deferred tax assets are reviewed at each Balance Sheet for their realisability.

r) **Impairment of Assets:**

The carrying amount of assets is reviewed at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

s) **Provisions and Contingent Liabilities/Assets:**

Provisions in respect of present obligation arising out of past events are made in the accounts when reliable estimate can be made of the amount of the obligations. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates.

The contingent liabilities are disclosed, unless the possibilities of outflow of resources are remote. Contingent Assets are generally neither recognized nor disclosed in the financial statements.

Rs. In Crores

NOTE - 2	As At 31-03-2016	As At 31-03-2015
SHARE CAPITAL:		
Authorised:		
7,50,00,000 Equity Shares of Rs.10/- each	75.00	90.00
(Previous Year: 9,00,00,000 Equity Shares of Rs.10/- each)		
Issued, Subscribed and Paid Up:		
1,33,80,000 Equity Shares of Rs.10/- each fully paid up	13.38	13.38
(Previous Year: 1,33,80,000 Equity Shares of Rs.10/- each)		
Total	13.38	13.38
*Due to Scheme of Arrangement, Authorized Capital reduced from Rs.90.00 Crores to Rs.75.00 Crores (Refer Note-31)		

- a) The Company has a single class of equity shares. Accordingly, all equity shares rank pari passu with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as and when declared from time to time.
- b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is set out below:

Particulars	As At 31-03-2016		As At 31-03-2015	
	No. of Shares	Amount(Rs.)	No. of Shares	Amount(Rs.)
At the beginning of the year	1,33,80,000	13,38,00,000	1,33,80,000	13,38,00,000
Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	1,33,80,000	13,38,00,000	1,33,80,000	13,38,00,000

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

Name of the Share Holder	As At 31-03-2016		As At 31-03-2015	
	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares
1. Mr. P. Prathap Reddy	13,58,500	10.15	13,58,500	10.15
2. M/s P. R. Cement Holdings Ltd	44,60,110	33.33	44,60,110	33.33
3. Mr. P. Prathap Reddy, Partner, Pioneer Builders	70,09,480	52.39	70,09,480	52.39

NOTE – 3	As At 31-03-2016	As At 31-03-2015
RESERVES & SURPLUS		
Capital Reserve		
State Investment Subsidy		
Opening Balance	0.20	0.20
Add: Additions during the year	...	...
Less: Transferred to General Reserve*	0.20	...
Closing Balance – a	...	0.20
Reserve on account of Merger		
Opening Balance	0.23	...
Add: Additions during the year	...	0.23
Less: Transferred to General Reserve*	0.23	...
Closing Balance - b	...	0.23
Revaluation Reserve		
Opening Balance	20.37	20.37
Add: Additions during the year	...	...
Less: Transferred to General Reserve*	20.37	...
Closing Balance – c	...	20.37
General Reserve		
Opening Balance	220.30	185.30
Add: Additions during the year	35.00	35.00
Add: Transfer to State Investment Subsidy	0.20	...
Add: Transfer from Reserve on Account of Merger	0.23	...
Add: Transfer from Revaluation Reserve	20.37	...
Transfer on account of Scheme of Arrangement (Refer Note-31)	241.10	...
Closing Balance – d	35.00	220.30
Debenture Redemption Reserve		
Opening Balance	35.00	...
Add: Additions during the year	...	35.00
Less: Deductions during the year	...	...
Closing Balance – e	35.00	35.00
Profit and Loss account		
Opening Balance	1659.79	1564.08
Add: Profit after tax for the year	269.92	173.76
Sub-total	1929.71	1737.84
Appropriations:		
Proposed Dividend on Equity Capital	6.69	6.69
Dividend Distribution Tax	1.36	1.36
Transfer to General Reserve	35.00	35.00
Transfer to Debenture Redemption Reserve	...	35.00
Transfer on account of Scheme of Arrangement(Refer Note-31)	1439.28	...
Sub-total	1482.33	78.05
Closing Balance – f	447.38	1659.79
Foreign currency translation reserve - g	...	114.31
Statutory reserve - h	...	3.44
Total – Reserves & Surplus (a+b+c+d+e+f+g+h)	517.38	2053.64
*Reserves no longer required are transferred to General Reserve.		

Rs. In Crores

NOTE - 4	Repayment Schedule/ Redemption	Long-Term		Current Maturity of Long-Term Borrowings*	
		As At 31-03-2016	As At 31-03-2015	As At 31-03-2016	As At 31-03-2015
LONG TERM BORROWINGS					
Secured					
Term Loans from Banks & Financial Institutions					
Non-Convertible Debentures**	June-17 to June-19	35.00	35.00	...	...
BANKS:					
1. Bank of Maharashtra	June-15 to Mar-19	42.18	56.25	18.75	18.75
2. Dhanalaxmi Bank Ltd	June-17 to Mar-23	24.00	15.00		
3. The South Indian Bank Ltd	June-17 to Mar-23	50.00	15.78		
4. State Bank of India	June-14 to Sept-16	...	19.78	19.78	40.00
5. Yes Bank Ltd	June-17 to Mar-23	26.00	24.00		
6. Yes Bank Ltd	June-17 to Mar-23	35.00	26.00		
7. Syndicate Bank	Nov-11 to Aug-16	...	6.84	6.69	15.00
OTHERS:					
8. L&T Fin. Corp. Ltd	Jan-13 to Feb-18	13.07	43.24	29.53	31.00
9. L&T Infrastructure Finance Corporation Ltd	Jan-13 to Feb-18	30.41	40.26	29.53	31.00
10. L&T Infrastructure Finance Corporation Ltd	Sept-14 to Dec-20	11.37	41.44	11.02	4.34
11. L&T Infrastructure Finance Corporation Ltd	June-16 to May-20	25.73	...	6.77	...
12. Hero Finance Corporation Ltd	Aug-16 to Apr-20	33.39	...	6.60	...
Total-a		326.15	323.59	128.67	140.09
Unsecured					
Sales Tax Deferment Loan	Mar-15 to Mar-24	219.44	237.39	17.95	5.12
Total-b		219.44	237.39	17.95	5.12
Total- (a + b)		545.59	560.98	146.62	145.21
* Amount disclosed under the head "Other Current Liabilities" (Note 10)					
**Non-Convertible Debentures are issued with the coupon rate of 12.25% per annum.					

Long-Term Borrowings:

All Secured Long-Term Borrowings are secured by first charge by way of joint equitable mortgage on the immovable and movable assets of the Company present and future subject to prior charge on the movable assets in favour of Sate Bank of India, IDBI Bank Ltd and YES Bank Ltd for their working capital facilities. All secured long term borrowings except NCDs are further secured by personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director.

Rs. In Crores

NOTE – 5	As At 31-03-2016	As At 31-03-2015
DEFERRED TAX LIABILITY (NET)		
Tax Impact on difference between book depreciation and depreciation under Income Tax Act, 1961 (Refer Note – 32L(b))	224.30	173.38
Total	224.30	173.38

Rs. In Crores

NOTE – 6	As At 31-03-2016	As At 31-03-2015
OTHER LONG-TERM LIABILITIES		
Payables towards Capital Creditors	117.32	89.37
Other Liabilities (incl. Deposits from Customers)*	195.45	155.85
Total	312.77	245.22
*includes Related Parties of Rs.8.17 Crores (previous year Rs.33.41 Crores) – Refer Note – 32E		

Rs. In Crores

NOTE – 7	As At 31-03-2016	As At 31-03-2015
LONG-TERM PROVISIONS		
Employee Benefits		
- Leave Encashment		
- Opening Balance	4.48	3.87
- Additions during the year	0.01	1.00
- Used during the year	0.34	0.39
- Closing Balance	4.15	4.48

Rs. In Crores

NOTE – 8	As At 31-03-2016	As At 31-03-2015
SHORT-TERM BORROWINGS		
Loans repayable on demand from banks (Secured)	227.42	186.62
Total	227.42	186.62

Short Term Borrowings

An amount of Rs.227.42 Crores (previous year Rs. 186.62 Crores) towards Working Capital loan from State Bank of India, IDBI Bank Ltd and YES Bank Ltd is repayable on demand and is secured by hypothecation of inventories and book debts, present, future and second charge on the fixed assets of the Company.

Short Term Borrowings includes an amount of Rs. 61.88 Crores (previous year Rs. 40.92 Crores) related to Buyer's Credit denominated in foreign currency (unhedged).

Rs. In Crores

NOTE – 9	As At 31-03-2016	As At 31-03-2015
TRADE PAYABLES		
Creditors for Goods	24.18	57.91
Creditors for Services	23.68	59.19
Total	47.86	117.10

Rs. In Crores

NOTE – 10	As At 31-03-2016	As At 31-03-2015
OTHER CURRENT LIABILITIES		
Current maturities of long term debt	146.62	145.21
Duties & Taxes Payable	26.50	42.62
Other Payables (incl. Power, Sales Commissions etc.)*	30.23	38.47
Interest Accrued but not due	0.21	0.10
Total	203.56	226.40

*includes Related Parties of Rs.17.08 Crores (previous year Rs.21.06 Crores) – Refer Note – 32E

Rs. In Crores

NOTE – 11	As At 31-03-2016	As At 31-03-2015
SHORT-TERM PROVISIONS		
Provision for Employee Benefit – Gratuity		
- Opening Balance	0.05	0.05
- Additions during the year	0.06	0.05
- Used during the year	0.05	...
- Closing Balance	0.06	0.05
Provision for Dividend (including Dividend Distribution Tax)		
- Opening Balance	8.05	3.91
- Additions during the year	8.05	8.05
- Used during the year	8.05	3.91
- Closing Balance	8.05	8.05
Provision for Income Tax		
- Opening Balance	68.48	15.93
- Additions during the year	83.58	68.48
- Used during the year	68.48	15.93
- Closing Balance	83.58	68.48
Total	91.69	76.58

PENNA CEMENT INDUSTRIES LTD

Rs. In Crores

TANGIBLE ASSETS												
Particulars	Freehold Land	Buildings	Plant & Machinery	Railway Siding	Furniture & Fixtures	Office Equipment	Vehicles	Total	INTANGIBLE ASSETS			
Cost									Software	Mining Rights	Total	Total
As at 31-03-2014	90.94	286.36	1147.79	84.77	1.24	6.02	10.92	1628.04	4.03	0.43	4.46	4.46
Additions	29.37	1.13	0.98	...	0.01	0.3E	0.68	32.53	...	0.35	0.35	0.35
Additions on account of Merger**	1.00	2.61	13.04	...	0.03	0.04	0.11	16.83	...	...	...	...
Disposals	...	...	...	...	...	...	...	0.43	...	...	...	...
As at 31-03-2015	121.31	290.09	1161.81	84.77	1.27	6.42	11.29	1676.96	4.03	0.78	4.81	4.81
Additions	28.63	5.99	151.54	...	0.02	1.41	1.98	189.67	...	...	...	...
Deduction on account of Scheme of Arrangement (Refer Note-31)	1.00	2.61	13.04	...	0.03	0.04	0.11	16.83	...	...	...	...
Disposals	...	...	...	...	...	...	0.23	0.23	...	...	...	...
As at 31-03-2016	148.94	293.47	1300.31	84.77	1.26	7.7E	12.93	1849.46	4.03	0.78	4.81	4.81
Depreciation	...	...	...	...	...	...	...	...	...	...	...	...
As at 31-03-2014	...	58.26	384.07	14.95	0.74	4.03	4.47	466.52	1.15	0.05	1.20	1.20
Charge for the year	...	7.95	58.27	4.03	0.06	0.27	0.93	71.52	0.65	0.05	0.70	0.70
Additions on account of Merger	...	0.98	6.02	...	0.02	0.04	0.08	7.14	...	...	...	...
Disposals	...	...	...	...	...	...	0.13	0.13	...	...	...	...
As at 31-03-2015	...	67.19	448.36	18.98	0.82	4.33	5.35	545.04	1.80	0.10	1.90	1.90
Charge for the year	...	7.95	61.98	4.03	0.06	0.34	0.97	75.33	0.66	0.09	0.75	0.75
Deduction on account of Scheme of Arrangement (Refer Note-31)	...	1.03	6.36	...	0.03	0.04	0.08	7.54	...	...	...	...
Disposals	...	...	...	...	...	...	0.18	0.18	...	...	...	...
As at 31-03-2016	...	74.11	503.98	23.01	0.85	4.63	6.06	612.66	2.46	0.14	2.60	2.60
Net Block	...	...	...	...	...	...	...	...	...	...	...	...
As At 31-03-2015	121.31	222.90	713.45	65.79	0.45	2.07	5.94	1131.91	2.23	0.68	2.91	2.91
As At 31-03-2016	148.94	219.34	796.33	61.77	0.39	3.1E	6.87	1236.79	1.57	0.63	2.20	2.20

**The title deeds of properties transferred pursuant to the Scheme of Arrangement / Amalgamation of M/s.Srba Industries Limited.

CAPITAL WORK-IN-PROGRESS

Particulars	Civil Work-in-Progress	Plant & Machinery Under Installation	Pre-Operative Expenses	Total
As At 31-03-2015	48.19	145.04	47.11	240.34*
As At 31-03-2016	11.97	127.83	49.22	189.02

*Includes Borrowing cost of Rs.14.26 crores capitalized during the year 2015-16 (Previous year: 7.45 crores)

Rs. In Crores

NOTE – 13	As At 31-03-2016	As At 31-03-2015
NON CURRENT INVESTMENTS – UNQUOTED (valued at cost, unless stated otherwise)		
A. Equity Investment in Govt. or Trust Securities:		
Equity Shares in APGPCL	8.05	8.05
B. Equity Investments in Associate Companies:		
Equity Share In Parasakti Cement Industries Ltd (includes Goodwill of Rs 3.40 Crores)	62.07	61.19
* Equity Shares in Anrak Aluminium Ltd (previous year includes Capital Reserve of Rs.21.57 Crores)	...	775.87
* Equity Shares in Pioneer Power Ltd (Goodwill / Capital reserve : Nil)	...	63.64
* Equity Shares in Pioneer Power Corporation Ltd (previous year includes Goodwill of Rs.130.45 Crores)	...	205.29
* Equity Shares in Pionner Genco Ltd (previous year includes Goodwill of Rs.89.62 Crores)	...	167.15
C. Investment in Partnership firm		
* Investment in Penna holdings USA LLC	...	24.96
Total	70.12	1085.74
* As per the Scheme of Arrangement approved by Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh, the Investments are transferred to Resulting Company and Investments in PCIL Power & Holdings Ltd are cancelled (Ref Note: 31)		

Rs. In Crores

NOTE – 14	As At 31-03-2016	As At 31-03-2015
LONG-TERM LOANS AND ADVANCES (Unsecured Considered good)		
Capital Advances	39.87	223.68
Security Deposits	33.13	33.13
Total	73.00	256.81
*includes Related Parties of Rs.0.08 Crores (previous year Rs.46.29 Crores) – Refer Note – 32E		

Rs. In Crores

NOTE – 15	As At 31-03-2016	As At 31-03-2015
OTHER NON CURRENT ASSETS (Unsecured Considered good)		
Fixed deposit maturity more than 12 months	13.29	3.15
Total	13.29	3.15



PENNA CEMENT INDUSTRIES LTD

NOTE – 16	As At 31-03-2016	As At 31-03-2015
CURRENT INVESTMENTS – UNQUOTED (valued at cost, unless stated otherwise)		
Investment/Balance with the partnership firm M/s Sunder Chemicals & Minerals	0.01	0.02
Total	0.01	0.02

Rs. In Crores

NOTE – 17	As At 31-03-2016	As At 31-03-2015
INVENTORIES (Valued at lower of Cost or net realizable value, unless otherwise stated)		
In Stock		
Raw Materials	6.33	12.97
Fuel	101.33	61.34
Work-in-Progress	27.51	24.78
Finished Goods	7.27	10.43
Stores & Spares	72.27	55.25
Packing Material	2.33	4.30
Total	217.04	169.07

Rs. In Crores

NOTE – 18	As At 31-03-2016	As At 31-03-2015
TRADE RECEIVABLES (Unsecured unless otherwise specified)		
Outstanding for more than six months	0.78	0.97
Others	111.06	152.15
Total	111.84	153.12

* includes Related Parties of Rs.3.14 Crores (previous year Rs.10.42 Crores) - Refer Note-32E

**Note: Debtors considered good are secured to the extent of Rs.3.67 Crores by dealer
Deposits with the Company.**

Rs. In Crores

NOTE – 19	As At 31-03-2016	As At 31-03-2015
CASH AND BANK BALANCES		
Cash in Hand	0.15	0.69
Balance with Banks		
- In Current Account	72.07	55.60
- In Fixed Deposits - Maturity more than 3 months but less than 12 months(Margin Money against BG & LC)	16.23	19.40
Total	88.45	75.69

Rs. In Crores

NOTE – 20	As At 31-03-2016	As At 31-03-2015
SHORT TERM LOANS AND ADVANCES (Unsecured and considered good)		
Advances for Purchase of Investments		45.50
Advance for services	2.00	...
Total	2.00	45.59

Rs. In Crores

NOTE -21	As At 31-03-2016	As At 31-03-2015
OTHER CURRENT ASSETS		
Advance to Suppliers recoverable in cash or in kind	93.66	271.21
Prepaid Expenses	4.49	4.19
Govt. Deposits	101.64	14.81
Cenvat Credits	10.41	8.76
Total	210.20	298.97

* includes Related Parties of Rs.16.61 Crores (previous year Rs.198.76 Crores) - Refer Note-32E

Rs. In Crores

NOTE - 22	For the Year ended 31-03-2016	For the Year ended 31-03-2015
REVENUE FROM OPERATIONS		
Sale of Products	2100.31	2004.14
Sale of Power	166.37	141.18
Total Revenue from Operations	2266.68	2145.32

Rs. In Crores

NOTE - 23	For the Year ended 31-03-2016	For the Year ended 31-03-2015
OTHER INCOME		
Profit on Sale of Fixed Assets	0.01	0.03
Scrap Sale	0.11	2.65
Interest Income	3.86	4.22
Income from leased premises	...	0.01
Others	0.05	...
Total	4.03	6.91

Rs. In Crores

NOTE - 24	For the Year ended 31-03-2016	For the Year ended 31-03-2015
COST OF RAW MATERIALS CONSUMED		
- Limestone	67.49	61.42
- Bauxite	24.66	27.74
- Iron Ore	13.35	12.71
- Gypsum	24.41	20.81
- Slag	10.73	8.55
- Fly Ash	25.74	32.75
- Coal	115.77	136.91
- Natural Gas	...	5.25
Total	282.15	306.14

Rs. In Crores

NOTE – 25	For the Year ended 31-03-2016	For the Year ended 31-03-2015
OTHER MANUFACTURING EXPENSES		
Power & Fuel	349.99	352.30
Stores & Spares Consumed	31.83	27.80
Packing Material Consumed	51.49	59.23
Repairs & Maintenance - Machinery	14.15	13.20
Repairs & Maintenance - Buildings	2.16	1.53
Repairs & Maintenance – Office Equipment	0.04	0.07
Repairs & Maintenance - Others	5.73	3.90
Total	455.39	458.13

Rs. In Crores

NOTE – 26	For the Year ended 31-03-2016	For the Year ended 31-03-2015
(INCREASE)/DECREASE IN FINISHED GOODS & STOCK IN PROCESS		
Closing Stock		
- Finished Goods	17.88	10.43
- Stock in Process	16.90	24.78
	34.78	35.21
Opening Stock		
- Finished Goods	10.43	19.60
- Stock in Process	24.78	36.73
	35.21	56.33
Total (Increase)/Decrease in Stock	0.43	21.11

Rs. In Crores

NOTE – 27	For the Year ended 31-03-2016	For the Year ended 31-03-2015
EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages, bonus, gratuity and allowances	56.71	55.32
Contribution to PF, ESI	4.26	3.99
Staff Welfare Expenses	3.73	3.44
Total	64.70	62.75

Rs. In Crores

NOTE – 28	For the Year ended 31-03-2016	For the Year ended 31-03-2015
FINANCE COSTS		
Interest on Term Loans	39.66	43.46
Interest on Debentures	4.30	3.42
Interest on Working Capital	14.06	17.29
Bank Charges	4.41	10.42
(Gain)/Loss on Exchange Fluctuation	1.60	1.36
Total	64.03	75.95

Rs. In Crores

NOTE – 29	For the Year ended 31-03-2016	For the Year ended 31-03-2015
OTHER EXPENSES		
Rents	11.02	12.10
Insurance	4.13	3.59
Directors' Remuneration	15.51	10.58
Auditors' Remuneration	0.14	0.12
Printing & Stationery	0.23	0.20
Communication Cost	0.90	0.88
Directors Travelling Expenses	1.04	1.16
Others Travelling Expenses	3.02	3.30
Conveyance Expenses	3.23	3.39
Professional & Legal Expenses	8.05	6.05
Donations	0.25	0.05
Rates & Taxes	3.31	2.30
Security Service Charges	4.45	3.86
Office Maintenance	5.80	4.95
Other Expenses	8.38	6.60
Corporate Social Responsibility	3.15	2.31
Advertisement & Publicity	11.27	22.50
Freight & Forwarding Charges	299.66	309.24
Commission on Sales	6.23	5.88
Other Selling Expenses	150.20	121.63
Total	539.97	520.69

NOTE – 30

A. Contingent liabilities/claims not provided for:

Rs. In Crores

a)	2015-16	2014-15
i) In respect of Bank Guarantees	21.79	23.10
ii) In respect of Inland Letter of Credits	5.29	2.01
iii) In respect of Foreign Letter of Credits	14.79	27.68
iv) In respect of Unexecuted Capital Contracts	152.34	83.27

b) Taxes, which are under Appeal, not provided for:

- 1) Sales Tax : Rs. 1.99 Crores.
- 2) Excise Duty/Service Tax : Rs.57.31Crores.

c) A demand for Rs. 4.56 crores was raised by APCPDCL, towards power consumed from APGPCL. The Company is of the opinion that the surplus power from APGPCL is distributable among shareholders of APGPCL, which is under dispute and appeal is pending with High Court of Telangana & Andhra Pradesh. Till the disposal of the appeal, the company is not accepting the said liability.

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

NOTE – 31

Scheme of Arrangement

PCIL Power and Holdings Limited (PPHL or Resulting Company) was a wholly-owned subsidiary of Penna Cement Industries Limited. It was initiated to carry the business of power generation, Investment and finance.

As per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh, the company has transferred the business segment of Gas power including strategic investments in power & alumina business and corporate management services to PPHL whose equity shares are not listed in any stock exchange in India or abroad.

The Scheme became effective from 1st February 2016 (with an appointed date of 1st April 2015) when the sanction of the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh and filing of the certified copy of the same with the Registrar of Companies, Hyderabad. The Scheme of Arrangement has been accounted for in terms of the Court Orders and alterations or modifications as approved by the Board of Directors of the Company and the Resulting Company as provided for in the Scheme.

All the assets pertaining to the Gas power business segment including strategic investments in power and alumina business and corporate management services of the Company, on the appointed date, have been transferred to the Resulting Company.

The excess of assets over liabilities relating to the demerged undertaking has been transferred as at 1st April, 2015 and adjusted in terms of the Scheme against the General reserve and Profit and loss account of the Company.

NOTE – 32

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

Rs. In crores

	For the Year 2015-2016		For the Year 2014-2015	
	Value	Value	Value	%
Raw Materials				
-- Indigenous	225.94	80	241.57	79
-- Imported	56.21	20	64.57	21
Total	282.15	100	306.14	100
FUEL				
-- Indigenous	69.29	32	90.02	38
-- Imported	146.05	68	147.55	62
Total	215.34	100	237.57	100
Stores, Spares and Packing Materials				
-- Indigenous	82.37	99	87.03	99
-- Imported	0.95	1	0.10	1
Total	83.32	100	87.13	100

B) Value of Import on CIF basis:

	For the Year 2015-16 Rs. In crores	For the Year 2014-15 Rs. In crores
Spares	0.95	0.09
Capital Goods	7.00	0.93
Fuel	180.55	174.50

C) Expenditure in Foreign Currency

	For the Year 2015-16 Rs. In crores	For the Year 2014-15 Rs. In crores
Travel expenses	0.51	0.72
Books and Others	...	0.40
License Fees	0.04	0.08
Fuel	102.30	229.94

D) Auditors Remuneration:

	For the Year 2015-16 Rs. In crores	For the Year 2014-15 Rs. In crores
a) Statutory Auditor		
Audit Fee	0.11	0.11
Certification & Fees for other Services	0.01	0.01
b) Cost Auditor	0.02	0.02
Total	0.14	0.14

E) Related Party disclosures under Accounting Standards – 18.

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

a) Associates of the Company

1. Parasakti Cement Industries Ltd

b) Party having Significant Influence

1. Pioneer Builders Ltd
2. Pioneer Builders
3. P R Energy Holdings Ltd
4. Pioneer Genco Ltd
5. P.R. Cement Holdings Ltd
6. Pioneer Holiday Resorts Limited
7. Pioneer Refinery Ltd
8. Pioneer Power Corporation Limited
9. Pioneer Power Ltd
10. E-Vision Softech India Limited
11. Lakshmi SeaFoods Limited

c) Key Management Personnel (KMP)

1. Shri P. Prathap Reddy – Chairman and Managing Director
2. Shri Bezawada Vikram – Executive Director
3. Shri D.Lakshmi Kantham – Director (Technical)
4. Shri Petluru Venugopal Reddy – Director (Finance) & CFO
5. Shri Rajkumar Singh – Company Secretary

d) Relative of KMP, having transactions with the Company

1. Smt. P.V. Lakshmi
2. Smt. B. Deepthi Reddy
3. Shri P. Ramoesh Reddy

Transactions with Related Parties:

Rs. In Crores						
S.no	Description	Associates	Party having Significant Influence	Key Management Personnel	Relative of KMP	Total
1	Long Term Liabilities	5.00	...	...	...	5.00
2	Managerial Remuneration	...	...	15.84	...	15.84
3	Services	...	57.50	0.03	2.18	59.71
4	Purchase of Shares	...	...	...	...	...
5	Investments	...	...	...	...	...
6	Advance for Expenses	...	6.63	...	...	6.63
7	Sale of Cement	...	3.59	...	0.03	3.62

Balance as at 31st March, 2016:

Rs. In Crores						
S.no	Description	Associates	Party having Significant Influence	Key Management Personnel	Relative of KMP	Total
1	Long Term Liabilities	(8.17)	...	...	...	(8.17)
2	Managerial Remuneration	...	...	(12.08)	...	(12.08)
3	Services	...	(3.17)	...	(0.13)	(3.30)
4	Purchase of Shares	...	(1.70)	...	...	(1.70)
5	Investments	16.60	...	...	...	16.60
6	Advance for Expenses	...	15.61	...	1.00	16.61
7	Sale of Cement	...	3.10	...	0.04	3.14

P

PENNA CEMENT INDUSTRIES LTD

i) Secondary Segment information:

Rs. In Crores

Particulars	Within India		Outside India	
	2015-16	2014-15	2015-16	2014-15
Segment Revenue	2266.68	2145.32	...	...
Segment Result	389.07	238.84	...	(0.20)
Segment Assets	2213.96	3024.04	...	659.69
Segment Liabilities	1683.20	1590.73	...	0.03

H) Gratuity: The Group has taken a policy from Life Insurance Corporation of India for the gratuity amount as per the actuarial valuation.

Rs. In Crores

		Gratuity (Funded Plan)	
		As at 31-03-2016	As at 31-03-2015
I	Change in Obligation		
	1 Present Value of defined benefit obligation at the beginning of the year	8.18	7.74
	2 Current service cost	0.70	0.55
	3 Interest cost	0.65	0.62
	4 Actuarial (gain) / loss on obligation	0.82	(0.41)
	5 Benefits paid	(0.77)	(0.32)
	6 Present Value of defined benefit obligation at the end of the year	9.58	8.18
II	Change in the Fair Value of Plan Assets		
	1 Fair Value of Plan assets at the beginning of the year	7.18	4.75
	2 Expected return on plan assets	0.60	0.53
	3 Contributions by employer	0.76	2.23
	4 Actuarial gain / (loss) on plan assets	-	-
	5 Benefits paid	(0.77)	(0.32)
	6 Fair Value of Plan assets at the end of the year	7.78	7.18
III	Expenses recognized in the Profit and Loss Account		
	1 Current service cost	0.70	0.55
	2 Interest cost	0.65	0.62
	3 Expected return on plan assets	(0.60)	0.53
	4 Net actuarial loss / (gain) recognized in the current year	0.82	(0.41)
	5 Expenses recognized in the Profit and Loss Account	1.58	0.23
IV	Expenses recognized in the Balance Sheet as at the end of the year		
	1 Present value of defined benefit obligation	9.59	8.18
	2 Fair Value of plan assets at the end of the year	(7.78)	(7.18)
	3 Funded status [Surplus / (Deficit)]	1.80	1.00
	4 Net assets / (liability) as at the end of the year	1.80	1.00
V	The major categories of plan assets as a percentage of total plan		
	1 Qualifying Insurance Policy	100%	100%
VI	Actuarial Assumptions		
	1 Discount rate	8%	8%
	2 Mortality rate	LIC (2006-08 Ultimate)	LIC (2006-08 Ultimate)
	3 Withdrawal rate	1-3% depending	1-5% depending
	4 Actual return on plan assets	(0.60)	0.53

PENNA CEMENT INDUSTRIES LTD

- I) Letters have been sent to the parties for confirmation of balances either to confirm or revert back within a stipulated time period, if there is any disagreement with the balance stated, failing which balance has stated in the letter would be taken as confirmed.
- J) Power Tariff Reimbursement and Sales Tax Grant on account of the plants at Doyireddypalli and Tandur will be accounted for, on the basis of sanctioned amount from Department of Industries, Govt., of Andhra Pradesh and Telangana under the terms of Industrial Policy 2005-10.

Other Operating Income of Rs.45.75 Crores (previous year 44.43 Crores) - Sales Tax and Power Tariff Incentives under State Investment Promotion Scheme.

K) Earnings per Share (EPS) –

		Year Ended 31-03-2016	Year Ended 31-03-2015
a)	Profit attributable to the Equity Share Holders (Rs in Cr) - A	269.92	173.76
b)	No. of Equity Shares	1,33,80,000	1,33,80,000
c)	Nominal Value of the Share (Rs.)	10	10
d)	Basic / Weighted average number of Equity Shares - B	1,33,80,000	1,33,80,000
e)	Earnings per Share (Rs.) – A/B*	202	130

L) Income Tax:

- a) **Current Tax:** Provision for current tax has been made on taxable profits in accordance with the provisions of Income Tax Act, 1961. The Income Tax Department has raised certain demands on the Company which has been disputed and paid under protest.
- b) **Deferred Tax:** The liability/ (asset) as computed under AS – 22 for the year 2015-16 is Rs.51.26 crores (previous year Rs.12.45 Crores) and the same has been debited to the Profit and Loss Appropriation Account.
- M) As stipulated in AS–28, 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.
- N) The Company along with Shri P. Prathap Reddy has entered Share Buy Back Agreement with IFCI Limited for buyback of shares of Anrak Aluminium Ltd. At present, the Company along with Shri P. Prathap Reddy has an obligation of Rs.60.00 Crores.
- O) 1) Operating lease payment recognized in the statement of Profit and Loss amounts to Rs.11.02 Crores (previous year Rs.12.05 Crores)
- 2) General Description of leasing agreements:
- Leased Assets: Godowns, Offices & Others.
 - Future Lease rentals are determined on the basis of agreed terms.

- iii) At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing.
- P) In pursuant to the scheme of arrangement approved by Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh, certain assets and liabilities are transferred. Hence, the schedules of previous year are not comparable with that of current year figures.
- Q) Previous figures have been re-grouped / re-classified / re-cast wherever necessary to confirm to current years' presentation.

As per our Report of even date
For C. Ramachandram & Co.
Chartered Accountants
C. Ramachandram

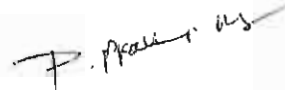


Partner
Membership No: 025834
F.R. No. 002864S

Place: Hyderabad
Date: 27-05-2016



for and on behalf of the Board of Directors



P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176



Bezawada Vikram
Executive Director
DIN:02086809



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



Raj Kumar Singh
Company Secretary
M.No:14265

Form No. MGT-11

Proxy form

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014]*

CIN: U26942AP1991PLC013359

Name of the company: PENNA CEMENT INDUSTRIES LTD

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

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at theAnnual general meeting/ Extraordinary general meeting of the company, to be held on the day of..... At..... a.m. / p.m. at.....(place) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. To receive, consider and adopt the Audited Annual Accounts for the year ended 31st March, 2016 and the reports of the Board's and Auditor's thereon.
2. To declare dividend.
3. To appoint a Director in place of Smt. P. Deepthi Reddy (DIN No. 00264481), who retires by rotation in the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri D. L. Kantham (DIN No. 00822385), who retires by rotation in the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
5. To ratify re-appointment of Statutory Auditors and to fix their remuneration.
6. To re-appoint Cost Auditors for the Financial Year 2016-17.

Signed this..... day of..... 20....

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.