SAGAR CEMENTS LIMITED

*Sagar Cements Limited (the "**Company**" or "**Issuer**") was incorporated in the Republic of India as a public company limited by shares under the Companies Act, 1956, as amended pursuant to a certificate of incorporation dated January 15, 1981 issued by the Registrar of Companies, Hyderabad ("**RoC**"), and has the corporate identity number L26942TG1981PLC002887. For further details, please see section "General Information" on page 189.*

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India, **Tel:** +91 – 40 – 2335 1571; **Fax:** +91 – 40 – 2335 6573; **Website:** www.sagarcements.in; **Email:** info@sagarcements.in

Our Company is issuing [●] equity shares of face value ₹10 each (the "**Equity Shares**") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share, aggregating ₹ [●] Lakhs (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER.

THIS ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE ONLY TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE ICDR REGULATIONS ("QIBs") IN RELIANCE UPON CHAPTER VIII OF THE ICDR REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT WILL BE CIRULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER.; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

Invitations and subscription of the Equity Shares shall only be made pursuant to this Preliminary Placement Document together with the Application Form, the Placement Document and the Confirmation of Allocation Note. See the section "*Issue Procedure*" beginning on page 147. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent to any person other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" BEGINNING ON PAGE 44 BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES TO IT OF AN INVESTMENT IN THE EQUITY SHARES PROPOSED TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT.

Our Company's outstanding Equity Shares are listed on the BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**") (the BSE and the NSE collectively the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on February 7, 2017 was ₹ 745.10 and ₹ 747.20 per Equity Share, respectively. We have received in-principle approval under Regulation 28(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") to list our Equity Shares from the Stock Exchanges on February 7, 2017. Applications will be made for obtaining the final listing and trading approvals for the Equity Shares offered through this Preliminary Placement Document on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) has been delivered to the Stock Exchanges. A copy of the Placement Document (which will include disclosures prescribed under Form PAS-4 (as defined hereinafter)) will be filed with the Stock Exchanges. Our Company shall also make the requisite filings with the RoC, Listing Regulations and the Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

This Preliminary Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Preliminary Placement Document. This Preliminary Placement Document has not been and will not be registered as a prospectus with any Registrar of Companies in India, and will not be circulated or distributed to the public in India or any other jurisdiction or will not constitute a public offer in India or any other jurisdiction. This Preliminary Placement Document will be circulated or distributed to QIBs only and will not constitute an offer to any other class of investors in India or any other jurisdiction.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the websites of the Global Coordinators and Book Running Lead Managers or any of their affiliates, does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

The Equity Shares being offered and sold in this Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). For description of these and certain further restrictions on offer, sale and transfer of the Equity Shares and distribution of this Preliminary Placement Document, see "*Notice to Investors*", "*Distribution and Solicitation Restrictions*" and "*Transfer Restrictions*" beginning on pages 2, 160 and 170, respectively.

This Preliminary Placement Document is dated February 7, 2017.

GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

ANAND RATHI ADVISORS LIMITED	**YES SECURITIES (INDIA) LIMITED**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for the information contained in this Preliminary Placement Document and to the best of its knowledge and belief, having made all reasonable enquiries, confirms that this Preliminary Placement Document contains all information with respect to our Company, including its Subsidiary and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, its Subsidiary and the Equity Shares are, in material respects, true and accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, its Subsidiary and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, and are based on information presently available to our Company. There are no other facts in relation to our Company, its Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

Anand Rathi Advisors Limited and YES Securities (India) Limited (collectively the "**Global Coordinators and Book Running Lead Managers**") have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, none of the Global Coordinators and Book Running Lead Managers or any of their respective members, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Global Coordinators and Book Running Lead Managers, or any of its members, employees, counsel, officers, directors, representatives, agents or affiliates in connection with its investigation of as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Preliminary Placement Document acknowledges that such person has relied neither on the Global Coordinators and Book Running Lead Managers, or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Company, its Subsidiary and the merits and risks involved in investing in the Equity Shares.

No person is authorized to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the Global Coordinators and Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No regulatory authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S. The Equity Shares are transferable only in accordance with the restrictions described in the section "Transfer Restrictions". Subscriber of the Equity Shares will be deemed to make the representations set forth below under "Representations by Investors" and in the sections "Distribution and Solicitation Restrictions" and "Transfer Restrictions.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue (in consultation with the Global Coordinators and Book Running Lead Managers or their representatives), and those retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to not make copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. This Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Global Coordinators and Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares in this Issue may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any Issue related materials in connection with the Equity Shares issued pursuant to this Issue may be distributed or published in or from any country or jurisdiction that will require registration of the Equity Shares in any such country or jurisdiction.

In making an investment decision, prospective investors must rely on their own examination of our Company, its Subsidiary and the terms of the Issue, including merits and risk involved. Investors should not construe the contents of this Preliminary Placement Document as business, legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the Global Coordinators and Book Running Lead Managers are making any representation to any allottee or subscriber of such Equity Shares pursuant to this Issue, regarding the legality of an investment in the Equity Shares by such allottee or subscriber under applicable legal, investment or similar laws or regulations.

Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on our Company's website www.sagarcements.in or any website directly or indirectly linked to our Company's website or the website of the Global Coordinators and Book Running Lead Managers or their affiliates does not constitute or form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information in relation to transfer or selling restrictions of the Equity Shares in certain other jurisdictions, see *"Distribution and Solicitation Restrictions"* and *"Transfer Restrictions"* on pages 160 and 170, respectively, of this Preliminary Placement Document.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the prospective investors in the Issue.

By bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Global Coordinators and Book Running Lead Managers, as follows:

- you are a eligible qualified institutional buyer as defined in Regulation 2(1)(zd) of the ICDR Regulations ("**QIB**"), and not excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter VIII of the ICDR Regulations, the Companies Act and all other applicable laws, including reporting obligations;

- you are authorized to consummate the subscription of the Equity Shares in the Issue in compliance with all applicable laws and regulations;

- if you are not a resident of India, you are an eligible QIB, and (i) you are an FPI including an FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) and (ii) or a multilateral or bilateral development financial institution or an FVCI and (iii) have a valid and existing registration with SEBI under the applicable laws in India and are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by the SEBI or any other regulatory authority, from buying, selling or dealing in securities. Further, you are aware and understand that non-resident QIBs may only invest in the Issue under the portfolio investment scheme pursuant to Schedule 2 and 2A of FEMA Regulations;

- you will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;

- if you are allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from date of Allotment, sell the Equity Shares so acquired, except on the floor of the Stock Exchanges;

- you have made, or are deemed to have made, as applicable, the representations set forth under the sections "*Distribution and Solicitation Restrictions*" and "*Transfer Restrictions*" beginning on page numbers 160 and 170, respectively;

- you are aware that the Equity Shares have not been, and will not be, registered under the Companies Act, the SEBI regulations or under any other law in force in India. This Preliminary Placement Document has not been verified or affirmed by the SEBI, RBI, the Stock Exchanges, RoC or any other regulatory or listing authority and is intended only for use by QIBs. This Preliminary Placement Document has been filed with the Stock Exchanges and will be displayed on the websites of our Company and the Stock Exchanges. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014;

- you are entitled to subscribe for such Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or our agents ("**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Global Coordinators and Book Running Lead Managers may not have knowledge of the statements that our Company or our agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions and accordingly you acknowledge that the Global Coordinators and Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

- none of the Global Coordinators and Book Running Lead Managers or their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendation to you or advising you regarding the suitability of any transactions that you may enter into in connection with the Issue. Your participation in the Issue is on the basis that you are not and will not be a client of any of the Global Coordinators and Book Running Lead Managers. Neither the Global Coordinators and Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duty or responsibility to you for providing the protection afforded to its clients or customers or for providing advice in relation to the Issue and is in no way acting in a fiduciary capacity;

- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public. Further, you are aware and understand that the allotment of the Equity Shares shall be on a discretionary basis at the discretion of our Company and the Global Coordinators and Book Running Lead Managers;

- you have been provided a serially numbered copy of this Preliminary Placement Document and have read this Preliminary Placement Document in its entirety; including, in particular, the section titled "*Risk Factors*" beginning on page 44;

- that in making your investment decision, (i) you have relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) you have made and will continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue, (iii) you have relied upon your own investigations and resources in deciding to invest in the Equity Shares, (iv) you have consulted with your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, including any applicable securities law and (v) you have relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party and (vi) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares;

- you are aware that if you are Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI, and you consent to such disclosures;

- you are aware that if you are Allotted more than five per cent of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures; also, if you are a top ten shareholder in our Company, our Company will be required to make a filing with the RoC within 15 days of the change, as per Section 93 of the Companies Act, 2013;

- all statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our Company's future financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- you are a sophisticated investor and have such knowledge and experience in financial investment and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to our Company and/or the Global Coordinators and Book

Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares; (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You seek to purchase the Equity Shares in the Issue for your investment purposes and not with a view for resale or distribution;

- the Global Coordinators and Book Running Lead Managers or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have not provided you with any tax advice or otherwise made any representations regarding the tax consequences of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Global Coordinators and Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Issue). You waive, and agree not to assert, any claim against our Company, the Global Coordinators and Book Running Lead Managers, or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- if you are acquiring the Equity Shares to be issued pursuant to the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- you are not a “Promoter” (as defined under the ICDR Regulations) of our Company or any of its affiliates and are not a person related to the Promoter(s), either directly or indirectly and your bid does not directly or indirectly represent the Promoter or Promoter Group or person related to the Promoter(s) of our Company;

- you have no rights under any shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than such rights acquired in the capacity of a lender not holding any Equity Shares of our Company, which shall not be deemed to be a person related to the Promoter;

- you are aware, understand and agree that you have no right to withdraw your Bid after the Bid/Issue Closing Date (as defined hereinafter);

- you are eligible, including without any limitation under any applicable law or regulation, to apply for and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding upon such issue of the Equity Shares shall not exceed the level permissible, as per any applicable law or regulation;

- the Bids submitted by you would not eventually result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the “**Takeover Code**”);

- to the best of your knowledge and belief, together with other Allottees in the Issue that belong to the same group or are under common control as you, the allotment under the present Issue shall not exceed 50.00% of the Issue. For the purposes of this representation:

a. the expression 'belong to the same group' shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

b. "control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Code;

- you understand that the Equity Shares will, when issued, be credited as fully paid and will rank pari passu in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of issue of the Equity Shares;

- you are aware that in-principle approvals under Regulation 28(1) of the Listing Regulations have been received from the Stock Exchanges and application for listing and trading approval shall be made after allotment of Equity Shares. There can be no assurance that such final approvals for listing and trading in the Equity Shares will be obtained in time, or at all. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- you shall not undertake any trade in the Equity Shares credited to your depository participant account or beneficiary account until such time that the final listing and trading approvals for the Equity Shares is issued by the Stock Exchanges, as applicable;

- you are aware and understand that the Global Coordinators and Book Running Lead Managers have entered into a Placement Agreement with our Company whereby the Global Coordinators and Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- you understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Global Coordinators and Book Running Lead Managers nor any person acting on their behalf has, or shall have, any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By participating in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Global Coordinators and Book Running Lead Managers or our Company or any other person and, to the greatest extent permitted by law, neither the Global Coordinators and Book Running Lead Managers nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received, whether contained in this Preliminary Placement Document or otherwise;

- as stated in the preceding clause herein, the only information you are entitled to rely on, and on which you have relied on, in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares. You have neither received nor relied on any other information given or representations, warranties or statements made by the Global Coordinators and Book Running Lead Managers (including any view, statement, opinion or representation expressed in any research published or distributed by the Global Coordinators and Book Running Lead Managers or any of their respective affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of the Global Coordinators and Book Running Lead Managers or any of their affiliates) or our Company and the Global Coordinators and Book Running Lead Managers will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;

- you agree to indemnify and hold our Company and the Global Coordinators and Book Running Lead Managers and their respective officers, directors, affiliates, associates and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this section and the sections titled "***Distribution and Solicitation Restrictions***" and "***Transfer Restrictions***" beginning on pages 160 and 170, respectively and you agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

- that our Company, the Global Coordinators and Book Running Lead Managers, and their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are irrevocable;

- that you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended from time to time, and any notifications, circulars or clarifications issued thereunder, (**"Security Regulations"**), and have not been prohibited by the SEBI from buying, selling or dealing in securities;

- you understand that the Global Coordinators and Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of our respective obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- that each of the acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the allotment of the Equity Shares and the listing and commencement of trading of Equity Shares, wherever the context may require.

- you agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of India, and the courts in Hyderabad, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times, up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- Our Company, the Global Coordinators and Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Global Coordinators and Book Running Lead Managers on their own behalf and on behalf of our Company and are irrevocable;

- you understand that the Equity Shares have not been and will not be registered under the Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and accordingly, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable US state securities laws;

- You are not acquiring or subscribing for the Equity Shares as a result of any directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales are being made only outside the United States in offshore transactions in reliance on Regulation S;

- you are, at the time the Equity Shares are purchased pursuant to Regulation S, located outside of the United States (within the meaning of Regulation S), and you are not an affiliate of our Company, or a person acting on behalf of our Company or such an affiliate;

- you are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S; and

- you have made, or been deemed to have made, as applicable, the representations set forth in this section namely "Representations by Investors".

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations (as defined hereinafter), FPIs (which includes FIIs), other than Category III Foreign Portfolio Investor (as defined hereinafter) and unregulated broad based funds, which are classified as Category II foreign portfolio investor (as defined under the SEBI FPI Regulations) by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) (all such offshore derivative instruments are referred to herein as "P-Notes") directly or indirectly, only in the event that (i) such offshore derivative instruments are issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document. Neither this Preliminary Placement Document nor the Placement Document contains or will contain any information concerning P-Notes, or the issuer(s) of any such P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claims on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with any P-Notes.

Any P-Notes that may be issued are not securities of the Global Coordinators and Book Running Lead Managers and do not constitute any obligations of, or claims on, the Global Coordinators and Book Running Lead Managers. Affiliates of the Global Coordinators and Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

a. warrant, certify or endorse the correctness or completeness of any of the contents of this Preliminary Placement Document;

b. warrant that our Company's Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

c. take any responsibility for the financial or other soundness of our Company, its Promoter, its management or any scheme or project of our Company;

The filing of this Preliminary Placement Document should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares of our Company pursuant to this Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited company incorporated under the laws of India. Majority of our directors, senior management personnel and executive officers of our Company are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for investors to affect service of process upon our Company or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (the "**Civil Code**") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

a. where the judgment has not been pronounced by a court of competent jurisdiction;

b. where the judgment has not been given on the merits of the case;

c. where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable;

d. where the proceedings in which the judgment was obtained were opposed to natural justice;

e. where the judgment has been obtained by fraud; or

f. where the judgment sustains a claim founded on a breach of any law than in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of such Section), in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code, but the United States of America has not been so declared.

A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. Our Company cannot predict whether a suit brought in an Indian court will be disposed off in a timely manner.

CERTAIN CONVENTIONS, CURRENCY PRESENTATION AND FINANCIAL DATA

Certain Conventions

In this Preliminary Placement Document, unless the context otherwise indicates or implies, references to 'you', 'your', 'allottee', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors of the Equity Shares to be issued pursuant to the Issue. References to 'Sagar Cements', the 'Company', 'SCL', or 'Issuer', references to our Company and references to 'we', 'our' or 'us' are to Sagar Cements Limited, and includes our Subsidiary unless the context otherwise requires. All references in this Preliminary Placement Document to "India" are to the Republic of India, to the "Government" or the "Central Government" are to the Government of India and to any "State Government" are to the relevant state government in India. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions.

Currency of Presentation

All references to "Rupees", "₹", "Re." and "Rs." are to the currency of India. All references to "U.S. dollars", "dollars", "$", "USD" and "US$" are to the currency of the United States of America. References to the words "Lakh" or "Lacs" mean "100 thousand", the word "million" means "10 lacs" and the word "billion" means "1,000 million".

Financial Data

Our Company publishes its financial statements in Indian Rupees. The financial year of our Company commences on April 1 of each year and ends on March 31 of the following year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'Fiscal Year' or 'fiscal' or 'FY' are to the twelve month period ended on March 31 of that year. The consolidated financial statements of our Company as at and for the Fiscal Year 2016 together with its report thereon and the standalone financial statements of our Company as at and for the Fiscal Years 2016, 2015 and 2014, together with the respective reports thereon ("**Audited Financial Statements**") included herein, have been prepared in line with the accounting principles generally accepted in India and have been audited by the Auditors in accordance with the applicable generally accepted auditing standards in India prescribed by the ICAI. The subsidiary of our Company BMM Cements Limited was acquired on August 27, 2015 and therefore, its financials are not considered while preparing the financials of our Company for the year ended March 31, 2014 and March 31, 2015. The unaudited standalone and the consolidated financial statements of our Company for the quarter and nine months period ended December 31, 2016, ("**Unaudited Financial Results**") included herein, have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 – "Interim Financial Reporting's" ("Ind AS – 34"), prescribed under Section 133 of the Companies Act read with relevant rules issued thereunder and other accounting standards in India . The Audited Financial Statements, the Unaudited Financial Results together with the limited review report, have been included in this Preliminary Placement Document and are referred to herein as the "*Financial Statements*". The information contained in this Preliminary Placement Document in respect of the Fiscal Year 2014 have been extracted from audited financial statements of the Fiscal Year 2015 wherein the figures of the Fiscal Year 2014 have been regrouped, recast and rearranged to confirm to those of the Fiscal Year 2015 wherever necessary.

Our Audited Financial Statements are prepared in accordance with Indian GAAP and our Unaudited Financial Results are prepared in accordance with Ind-AS. Unless the context otherwise requires and unless so specified, all financial data in this Preliminary Placement Document are derived from our Company's standalone and consolidated financial statements prepared in accordance with Indian GAAP and Ind-AS (as applicable). Indian GAAP and Ind-AS differ in certain significant respects from International Financial Reporting Standards (the "**IFRS**") and U.S. GAAP and other international accounting systems.

Our Company does not quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its financial statements to U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP and Ind-AS. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP and Ind-AS (as applicable) included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. See the section *"Risk Factors"* beginning on page 44.

Further, the Companies (Indian Accounting Standards) Rules, 2015 effective from February 16, 2015 (the "**IAS Rules**"), provides that the financial statements of the companies to which they apply shall be prepared and audited in accordance with Ind-AS. The IAS Rules provide that the financial statements of the companies to which they apply (as more specifically described below) shall be prepared and audited in accordance with Ind-AS. The IAS Rules prescribe that any company having a net worth of more than ₹ 50,000 lakhs, and any holding company, subsidiaries, joint venture or an associate company of such company, would have to mandatorily adopt Ind-AS for the accounting period beginning from April 1, 2016 with comparatives for the period ending March 31, 2016, the IAS Rules, also state that any company may voluntarily implement Ind-AS for the accounting period beginning from April 1, 2015. Our Company has adopted Ind-AS for the accounting period beginning from April 1, 2016 and has published unaudited financial results for the quarters and nine months period ended December 31, 2016. There is a possibility that these unaudited financial results may require adjustment before constituting the final Ind AS financial statements as of and for the year ending March 31, 2017.

INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our Company's business contained in this Preliminary Placement Document consists of estimates/forecasts based on data reports compiled by professional organisations and analysts, on data from recognized industry sources, other external sources, and on our Company's knowledge of the markets in which our Company operates.

Unless noted otherwise, the information in relation to the industry and market data is derived from the report "*Cement – Annual Review – November 2016*" by CRISIL Research.

CRISIL has issued the CRISIL Report with the following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval."

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

Neither our Company nor the Global Coordinators and Book Running Lead Managers or any of their respective affiliates and advisors or any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, the Global Coordinators and Book Running Lead Managers and we do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent source and our Company cannot assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical facts constitute 'forward-looking statements'. These statements express views of the management of our Company and expectations based upon certain assumptions regarding trends in the Indian and international financial markets and regional economies, the political climate in which our Company operates and other factors. Prospective investors can identify forward-looking statements by the use of forward-looking terminology, including the words "aim", "anticipate", "believes", "continue", "can", "could", "estimates", "expects", "expected to", "intends", "may", "will", "plans", "objective", "potential", "project", "pursue", "shall", "will likely result", "will continue", "will achieve", "is likely" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events or intentions. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- cost overruns, delays and disruptions in completion and commissioning of projects;
- slowdown in end-user industries;
- Government policies and actions by courts in India, including those specifically regarding the cement industry and limestone mines;
- Significant movements in the prices of key inputs and raw materials, coal, pet coke, lignite, etc.;
- General economic and business conditions and level of investment and activity in the infrastructure development and construction sector in India;
- Ability to obtain financing on favorable terms in order to meet our capital expenditure requirements and pursue our growth strategy;
- Ability to maintain our distribution network for sale of our products;
- Adverse effect of competition on margins, market share and profits of the Company
- Inability to obtain and retain adequate numbers of skilled and qualified employees in addition to other manpower that we require for our manufacture facilities; and
- other factors discussed in this Preliminary Placement Document, including section "*Risk Factors*".

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" beginning on pages 44, 73 and 108 respectively. These forward-looking statements speak only as of the date of this Preliminary Placement Document. Our Company and the Global Coordinators and Book Running Lead Managers expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in our Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management of our Company, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and other forward-looking statements attributable to our Company in this Preliminary Placement Document are expressly qualified in their entirety by reference to these cautionary statements.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$ 1.00), for the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

On January 31, 2017, the exchange rate (the RBI reference rate) was ₹ 67.81 to US$ 1.00.

(₹ per US$1.00)

	Period End	**Average**(1)	**High**(1)	**Low**(1)
Fiscal Year Ended:				
March 31, 2016	66.33	65.46	68.78	62.16
March 31, 2015	62.59	61.15	63.75	58.43
March 31, 2014	60.10*	60.50	68.36	53.74
Month ended:				
January 31, 2017	67.81	68.08	68.23	67.79
December 31, 2016	67.95***	67.90	68.37	67.43
November 30, 2016	68.53	67.63	68.72	66.43
October 31, 2016	66.86**	66.75	66.89	66.53
September 30, 2016	66.66	66.74	67.06	66.36
August 31, 2016	66.98	66.94	67.19	66.74

Source: www.rbi.org.in

(1) Represents the high, low and average of the reference rates released by the RBI on every working day of the relevant period

** Exchange rate as on March 28, 2014, as March 29, 2014 and March 30, 2014 and March 31, 2014 were non trading days*

*** Exchange rate as on October 28, 2016, as October 29, 2016, October 30, 2016 and October 31, 2016 were non-trading days*

****Exchange rate as on December 30, 2016, as December 31, 2016 was a non-trading day;*

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Preliminary Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

Capitalised terms used in this Preliminary Placement Document shall have the meaning set forth below, unless specified otherwise or the context indicates or requires otherwise, and references to any statute or regulations or policies shall include amendments thereto, from time to time.

Company Related Terms

Term	Description
Our "Company", the "Company" or the "Issuer"	Sagar Cements Limited, a public limited company, incorporated under the Companies Act, 1956 and having its registered office at Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India. It is clarified that references to "us", "we" or "our" are to our Company together with its Subsidiary, on a consolidated basis
Articles or Articles of Association	The articles of association of our Company, as amended.
Auditors	M/s. Deloitte Haskins & Sells, Chartered Accountants, the statutory auditor of our Company.
Board of Directors or Board	The board of directors of our Company and any committee constituted thereof.
Committee	The committee of the Board of Directors.
Director(s)	The director(s) of our Company.
Equity Shares or Shares	The equity shares of our Company of face value ₹ 10 each.
Memorandum or Memorandum of Association	The memorandum of association of our Company, as amended.
Promoter	Promoter of our Company, being Sammidi Veera Reddy
Promoter Group	Promoter group of our Company as per the definition provided in Regulation 2(1) (zb) of the ICDR Regulations.
Registered Office	The registered office of our Company located at Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India
Registrar of Companies or RoC	Registrar of Companies, Hyderabad for Andhra Pradesh and Telangana.
Shareholder(s)	Shareholders of our Company
Subsidiary	BMM Cements Limited

Issue related Terms

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by such QIBs, in consultation with the Global Coordinators and Book Running Lead Managers and in compliance with Chapter VIII of the ICDR Regulations.
Allotted or Allotment	Unless the context otherwise requires, the issue and allotment of the Equity Shares pursuant to the Issue
Allottees	Bidders to whom Equity Shares are issued and Allotted pursuant to the Issue.
Application or Bid	An indication of interest from a QIB to subscribe for a specified number of Equity Shares in this Issue on the terms set out in the Application Form to our Company.
Application Form or Bid cum Application Form	The form, including all revisions and modifications thereto, pursuant to which a QIB submits an Application.
Audited Consolidated	Audited consolidated financial statements of our Company refers for the Fiscal

Term	Description
Financial Statements	Year 2016
Audited Standalone Financial Statements	Audited standalone financial statements of our Company refers for the last three Fiscal Years i.e. Fiscal Year 2016, Fiscal Year 2015 and Fiscal Year 2014
Bidder(s)	Any prospective investor, being a QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form.
Bidding / Issue Period	The period between the Bid/Issue Opening Date and Bid/Issue Closing Date, inclusive of both dates, during which prospective Bidders can submit Bids.
the Global Coordinators and Book Running Lead Managers /GC – BRLMs / Lead Managers	Anand Rathi Advisors Limited and YES Securities (India) Limited
BSE	BSE Limited.
CDSL	Central Depository Services (India) Limited
CAN or Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders.
Cut-off Price	The Issue Price of the Equity Shares, which shall be determined by our Company, in consultation with the Global Coordinators and Book Running Lead Managers.
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include qualified foreign investors and Category III Foreign Portfolio Investors (who are not eligible to participate in the Issue)
Escrow Agreement	The Escrow Agreement dated [●], by and between our Company, the Global Coordinators and Book Running Lead Managers and the Escrow Bank.
Escrow Bank	YES Bank Limited
Escrow Account	The non-interest bearing, no-lien, escrow bank account without any cheque or overdraft facilities opened by our Company with the Escrow Bank pursuant to the Escrow Agreement.
Floor Price	The floor price of ₹ 723.10 per Equity Share, as calculated in accordance with Regulation 85 of the ICDR Regulations.
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Issue	The offer, issue and allotment of [●] Equity Shares to QIBs, pursuant to Chapter VIII of the ICDR Regulations and the provisions of Companies Act, 2013 and Private Placement Provisions.
Issue Closing Date or Bid Closing Date	[●], 2017, the date on which our Company (or the Global Coordinators and Book Running Lead Managers on behalf of our Company) shall cease acceptance of Application Forms.
Issue Opening Date or Bid Opening Date	February 7, 2017, the date on which our Company (or the Global Coordinators and Book Running Lead Managers on behalf of our Company) shall commence acceptance of Application Forms.
Issue Price	₹ [●] per Equity Share.
Issue Size	The issue of up to [●] Equity Shares aggregating ₹ [●] Lakhs.
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Listing Agreement	The agreement entered into between our Company and each of the Stock Exchanges in relation to listing of the Equity Shares on each of the Stock Exchanges pursuant to requirements of Regulation 109 of the Listing Regulations.
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure

Term	Description
	Requirements) Regulations, 2015, as amended
NSDL	The National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
Pay-in Date	The last date specified in the CAN for payment of application monies by the QIBs.
Placement Agreement	The Placement Agreement, dated February 7, 2017, among our Company and the Global Coordinators and Book Running Lead Managers.
Placement Document	The placement document to be issued by our Company in accordance with Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.
Preliminary Placement Document	This preliminary placement document dated February 7, 2017, issued in accordance with Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.
QIB or Qualified Institutional Buyer	Any Qualified Institutional Buyer as defined under Regulation 2(1) (zd) of Chapter VIII of the ICDR Regulations.
QIP	Qualified institutions placement under Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013 and the Rules made thereunder.
Regulation S	Regulation S, as defined under the U.S. Securities Act.
Relevant Date	February 7, 2017, date of the meeting of the Securities Allotment Committee duly authorised by the Board of Directors deciding to open the Issue.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Stock Exchanges	The BSE and the NSE.
STT	Securities Transaction Tax
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.

Business and Industry Related Terms

Term	Description
BIS	Bureau of Indian Standards
MT	Million Tonnes
MTPA	Million Tonnes Per Annum
MW	Mega Watt
NABL	National Accreditation Board for Testing and Calibration Laboratories
OPC	Ordinary Portland Cement
PPC	Portland Pozzalona Cement
PSC	Portland Slag Cement
RABH	Reverse Air-Bag House
RCC	Reinforced Cement Concrete
SRC	Sulphate Resistant Cement
TPA	Tonnes per Annum
TPD	Tonnes per Day
VFD	Variable Frequency Drives
WHR	Waste Heat Recovery
53 Grade OPC	Ordinary Portland Cement – 53 Grade
43 Grade OPC	Ordinary Portland Cement – 43 Grade

Conventional and General Terms

Term	Description
AGM	Annual General Meeting
AIF	Alternate Investment Funds
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
CAGR	Compounded Annual Growth Rate
Chapter VIII	Refers to Chapter VIII of the ICDR Regulations that deals with Qualified Institutions Placement, and as amended from time to time
Civil Code or Code	The Code of Civil Procedure, 1908 of India, as amended
Companies Act	Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
CIN	Corporate identity number
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996, as amended
DIN	Director identification number
EBITDA	Earnings before interest, tax, depreciation and amortization
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment in an Indian company, in accordance with applicable law
FEMA/ FEMA Regulations	The Foreign Exchange Management Act, 1999, as amended and the Regulations framed thereunder
FII(s)	Foreign institutional investors as defined under Regulation 2(g) of the FPI Regulations and registered as such with the SEBI
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
Financial Year or Fiscal Year or Fiscal or FY	A period of twelve months ending March 31 of that particular year, unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI(s)	Foreign Portfolio Investors, as defined under Regulation 2(1)(h) of the Securities And Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FVCI	Any foreign venture capital investor (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended) registered with the SEBI under applicable laws in India.
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI or Government	Government of India, unless otherwise specified
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act or IT Act	The Income Tax Act, 1961 of India, as amended
India	The Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
Ind-AS	Indian Accounting Standards stipulated by the Institute of Chartered Accountants of India, as applicable.
Ind-AS 34	Indian Accounting Standard 34 ―Interim Financial Reporting‖ (Ind AS 34)

Term	Description
	prescribed under Section 133 of the Companies Act, 2013
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
Lakh/ Lac/Lacs	One hundred thousand
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Minimum Wages Act	Minimum Wages Act, 1948, as amended
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Non-Resident Indian(s) or NRI	Non-Resident Indian, as defined under FEMA
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Government of India
p.a.	Per annum
PAN	Permanent Account Number
Portfolio Investment Scheme/PIS	The portfolio investment scheme of RBI specified in Schedule 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
Private Placement Provisions	Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
₹ or Rs. or Rupees or INR	Indian Rupee
RBI	The Reserve Bank of India
RTGS	Real-Time Gross Settlement
State	Any state in the Republic of India
State Government	Government of a State
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
UK	United Kingdom of Great Britain and Northern Ireland
USA	United States of America
$ or U.S. dollar or USD or US$	The currency of the United States
VAT	Value Added Tax
VCF	A venture capital fund as defined under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 and the relevant pages in this Preliminary Placement Document where these disclosures, to the extent applicable, have been provided.

Sr. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of our Company indicating both Registered Office and corporate office	Cover page
b.	Date of incorporation of our Company	Cover page and 189
c.	Business carried on by our Company and its subsidiaries with the details of branches or units, if any.	108
d.	Brief particulars of the management of our Company.	132
e.	Names, addresses, DIN and occupations of the Directors.	132
f.	Management's perception of risk factors	44
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	NIL
(ii)	Debentures and interest thereon;	NIL
(iii)	Deposits and interest thereon; and	NIL
(iv)	Loan from any bank or financial institution and interest thereon.	NIL
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of our Company, if any, for the private placement offer process.	194
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	26
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	26
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	26
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	26 and 64
e.	Name and address of the valuer who performed valuation of the security offered.	Not Applicable
f.	Amount which our Company intends to raise by way of securities.	26
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	Not Applicable
(ii)	Rate of dividend;	Not Applicable
(iii)	Rate of interest;	Not Applicable
(iv)	Mode of payment; and	147
(v)	Repayment.	Not Applicable
h.	Proposed time schedule for which the offer letter is valid.	26
i.	Purposes and objects of the offer.	66
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	Not Applicable
k.	Principle terms of assets charged as security, if applicable.	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	132
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the	183

Sr. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
	offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	
c.	Remuneration of Directors (during the current year and last three financial years).	137
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	191
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remark.	191
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for our Company and all of its subsidiaries.	183
g.	Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company.	Not Applicable
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of our Company in the following manner in a tabular form:	
(i)(a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	70
(b)	Size of the present offer; and	26
(c)	Paid up capital:	70
(A)	After the offer; and	26
(B)	After conversion of convertible instruments (if applicable);	Not Applicable
(d)	Share premium account (before and after the offer).	26
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	70
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	70
b.	Profits of our Company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	36
c.	Dividends declared by our Company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	72
d.	A summary of the financial position of our Company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	36
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	191
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of our Company.	191
5.	**A DECLARATION BY THE DIRECTORS THAT**	

Sr. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
a.	Our Company has complied with the provisions of the Act and the rules made thereunder.	192
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including under the sections "Risk Factors", "Use of Proceeds", "Placement", "Issue Procedure" and "Description of the Equity Shares".

Issuer	Sagar Cements Limited
Face value	₹ 10 per Equity Share
Issue Price per Equity Share	₹ [●]
Issue Size	The issue of up to [●] Equity Shares aggregating ₹ [●] Lakhs. A minimum of 10 % of the Issue Size i.e. [●] Equity Shares shall be available for Allocation to Mutual Funds only, and [●] Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs.
Date of Board Resolution	October 26, 2016
Date of Shareholders' Resolution	November 23, 2016
Resolution of Securities Allotment Committee for opening of the Issue	February 7, 2017
Floor Price	₹ 723.10 per Equity Share, calculated in accordance with Regulation 85 of the ICDR Regulations. Under the ICDR Regulations, the Issue Price cannot be lower than the Floor Price subject to discount of not more than 5% on the Floor Price which may be considered by our Company.
Equity Shares outstanding immediately prior to the Issue	1,80,00,000 Equity Shares at a face value of ₹ 10 per share.
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares at a face value of ₹ 10 per share.
Eligible Investors	QIBs as defined in regulation 2(1) (zd) of the ICDR Regulations and Chapter VIII of the ICDR Regulations and not excluded pursuant to regulation 86 of the ICDR Regulations. Only QIBs which are FIIs and Eligible FPIs are permitted to participate in this Issue. For further details, see the sections "***Issue Procedure – Qualified Institutional Buyers***" and "***Transfer Restrictions***" beginning on pages 147 and 170 respectively.
Listing	Our Company has received in-principle approvals from BSE and NSE in terms of Regulation 28(1) of the Listing Regulations. Our Company shall apply to the Stock Exchanges for the listing approvals and the final listing and trading approvals, after the Allotment and after the credit of Equity Shares to the beneficiary account with the Depository Participant, respectively.
Taxation	See the section title "***Taxation***" on page 180.
Transferability Restrictions	The Equity Shares being Allotted pursuant to this Issue cannot be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For further details, see the section "***Transfer Restrictions***" on page 170.
Ranking	The Equity Shares being issued in the Issue are subject to the provisions of our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including with respect to dividend rights. Shareholders of our Company (who hold Equity Shares as on the record date) will be entitled to dividends and other corporate benefits, if any,

	declared by us after the Closing Date, in compliance with the Companies Act, 2013 and Listing Regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. Please see the sections ***"Dividend Policy"*** and "***Description of the Equity Shares***" on pages 72 and 176, respectively.
Use of Proceeds	The gross proceeds of the Issue are expected to be approximately ₹ [●] Lakhs. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹ [●] Lakhs. For further details, please see the section *"**Use of Proceeds**"* on page 66.
Lock-up	Our Company has agreed that it will not, without the prior written consent of the Global Coordinators and Book Running Lead Managers (which such consent shall not be unreasonably withheld), for the period commencing from the date of the Placement Agreement and ending 180 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise. Our Promoter has agreed that without the prior written consent of the Global Coordinators and Book Running Lead Managers (which such consent shall not be unreasonably withheld), it will not, during the period commencing from the date of the Placement Agreement and ending 180 days after the date of allotment of the Issue Shares, directly or indirectly: (a) sell, lend, pledge, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise; provided however that the foregoing restrictions will (i) not be applicable to any pledge or mortgage of the Equity Shares already existing on the date of the Placement Agreement or transfer of such existing pledge or mortgage; and (ii) not restrict the existing shareholders of our Company from acquiring or purchasing any Equity Shares in our Company, directly or indirectly, in accordance with and subject to applicable laws.
Risk Factors	Please see the section "***Risk Factors***" beginning on page 44 for the discussion of factors that the potential investors should consider before participating in the Issue.
Issue Procedure	The Issue is being made only to QIBs in reliance on Section 42 of the Companies Act 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VIII of the SEBI ICDR Regulations. Please see the section *"**Issue Procedure**"* on page 147.
Pay-In Date	Last date specified in the CAN sent to the QIBs for payment of application money.

Closing	The Allotment of the Equity Shares, expected to be made on or about [●].
Security codes	**ISIN:** INE229C01013; **BSE Security Code:** 502090; **NSE Symbol:** SAGCEM

SUMMARY OF BUSINESS

Overview

We are one of the prominent mid-sized cement manufacturers of India focused on the key markets in southern India and Maharashtra in western India. We are one of the leading players in southern India having market presence in the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. Our Company owns and operates its integrated unit for production of cement located at Mattampally, Nalgonda district, Telangana and a grinding unit situated at Bayyavaram, Andhra Pradesh. Our wholly owned subsidiary, BMM, owns and operates its integrated unit for production of cement located at Gudipadu, Anantapur district, Andhra Pradesh.

Our Company commenced its cement manufacturing operations in the year 1985 with an installed capacity of 66,000 TPA with one production plant by setting up a dry process mini cement plant with single stream 200 TPD dry process rotary kiln and suspension pre-heater having an overall installed capacity of 66,000 TPA of ordinary portland cement. Our Company's installed capacity has since increased to 3.2 million MTPA and an increase in our clinker capacity from 66,000 TPA in 1982 to 2.80 million MTPA presently. Our Company manufactures the following varieties of cement, namely, ordinary portland cement ("**OPC**") of 53 grade, 43 grade, portland pozzalona cement ("**PPC**"), sulphate resistant cement ("**SRC**") and portland slag cement ("**PSC**"). Presently, we manufacture Ordinary Portland Cement (OPC), Pozzolanic Portland Cement (PPC) and Sulphate Resisting Portland Cement (SRC) through our facilities at Mattampally and Gudipadu. We have commenced production of PSC pursuant to our acquisition of the Bayyavaram unit. Our facilities have a total installed capacity of 4.2 million MTPA and captive limestone reserves and resources of approximately 900 million tonnes. We have been in the business of cement manufacturing for over three decades and earned brand recognition for consistent product quality, customer satisfaction and marketing network. During Fiscal 2016, our Company acquired BMM Cements Limited which operates its sole cement production unit at Gudipadu having an installed capacity of 1 million MTPA and 25MW gross captive power plant that not only complimented our existing business profile (including freight optimization) but also increased our share of revenues from Tamil Nadu and Karnataka. Additionally, our Mattampally unit has railway sidings at the production site that enables it to access the railway network directly and reduces our transportation costs. We have an extensive distribution network comprising of over 1,950 dealers, distribution agents and consignment agents.

Our Company's products are marketed under the 'Sagar Cement' brand name. We sell our products primarily to purchasers located in south India, viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala and other regions of India including Maharashtra and Orissa.

Our Company and our Subsidiary are certified as ISO 9001:2008 for conforming to the quality management system standard, ISO 14001:2004 for conforming to the environmental management system standard and OHSAS 18001:2007 for conforming to the occupational health and safety management system standard for manufacture of clinker and cement. All our products comply with the quality standards specified by the Bureau of Indian Standards ("**BIS**"). Our testing laboratory at our Mattampally unit is NABL certified.

Our Company is led by a first generation entrepreneur Mr. Sammidi Veera Reddy under whose leadership our total revenues has grown, on a standalone basis, from ₹ 1,828.60 lakhs in Fiscal 1992, when he was appointed as the Managing Director, to ₹ 64,999.85 lakhs in Fiscal 2016.

Our Company operates an integrated cement manufacturing facility at Mattampally in the Nalgonda District, Telangana, which is located approximately 220 kilometres from Hyderabad, Telangana. Nalgonda District is a repository of high-quality limestone which is an essential raw material for the manufacture of cement. We presently operate two limestone mines situated near our Mattampally unit, and one limestone mine situated near our Gudipadu unit through BMM, having an aggregate resources and reserves of approximately 326 million tonnes. In addition, we are in the process of obtaining the necessary approvals for additional limestone mining near our Mattampally unit, which will increase our available total resources and reserves to approximately 900 million tonnes].

Our production units at Mattampally and Gudipadu each consist of a six stage pre-heater and pre-calciner. All our production units are fully automated having end–to–end monitoring capabilities. Our integrated cement production unit at Mattampally is also equipped with a fully automated, robotic based laboratory for quality control. Our production units at Mattampally and Gudipadu are equipped with emission control systems such as reverse air-bag house (RABH), electrostatic precipitator and dust collectors to minimize pollution and to provide a dust-free environment at our manufacturing units.

Our production units are well connected by road and rail, with each of our cement units connected to both the national highway and the national railway networks. The Mattampally unit has railway sidings at the production site that enable it to access the railway directly and reduces our transportation costs. Our Gudipadu unit is located only approximately 10 kilometres away from the nearest railway station. We believe we have a well-developed distribution network for cement in the regional markets that we presently operate in, complemented by about 55 godowns and more than 1,950 dealers, distribution agents and consignment agents.

We believe that the cement-grade quality limestone reserves which we have access to are suitable for production of cement products. Our limestone mines are located at Mattampally, Telangana and Gudipadu, Andhra Pradesh.

Our key strategies are focused on cost savings and expanding our product portfolio. Pursuant to our strategies to reduce the manufacturing expense, we are in the process of setting up a 6MW gross capacity wastage heat recovery captive power plant and plan to set up a 15MW gross capacity coal based captive power plant at our existing production facility at Mattampally. The power projects are expected to provide us access to 21 MW of gross captive power sources which we believe will provide us with power equivalent to approximately 75% of our requirements at our Mattampally unit. We believe that the proposed power generation unit will enable us to generate power at cost that is expected to be lower than our current cost, and enable us to compete more effectively.

In addition, we have recently expanded our product portfolio by introducing production of PSC consequently expanding our presence in additional regional markets. Our acquisition of the grinding unit at Bayyavaram, Andhra Pradesh has led to introduction of PSC to our product portfolio. For further information in relation to the acquisition of the grinding unit at Bayyavaram and on the captive power plant we plan to setup at our Mattampally unit, please refer to the section titled "*Recent developments*" below.

As on December 31, 2016, our Company has about 627 permanent employees (including 137 permanent employees of our wholly owned subsidiary BMM Cements Limited) and about 938 contract labourers from time to time in such numbers as may be required. Besides S Sreekanth Reddy, executive director, who is a cement technologist, we also have several technical experts in the cement manufacturing process who are permanent employees of our Company and BMM. We have never experienced any material losses or significant work stoppages as a result of disputes with our employees.

We have a strong marketing network across geographies for sales and marketing. As on December 31, 2016, we have a strong network of over 1,950 dealers, distribution agents and consignment agents besides direct institutional sales. With an objective to reach out to dealers, we organise dealers' meet during our product launch, new developments and other initiatives. We have long-standing relationships with several domestic players and have been recognized as approved suppliers for the products manufactured by us.

Following are the details of installed capacity, capacity utilisation and production for the last 3 Fiscals 2016, 2015 and 2014 respectively:

Particulars	**Fiscal 2016***	**Fiscal 2015**	**Fiscal 2014**
Installed Capacity (MTPA)	39,90,000	27,50,000	26,96,500
3 Year CAGR	13.95%	-	-
Capacity Utilisation	49.24%	56.42%	52.66%
Production (MTPA)	19,64,763	15,51,598	14,19,943
3 Year CAGR	11.43%	-	-

** consolidated basis*

Our Company's audited financial performance during the last three Fiscals and unaudited financial results as of and for the nine months period ended December 31, 2016 are as below:

(₹ in lakhs)

Particulars	Nine months ended December 31, 2016*	For the Fiscal		
		2016*	2015	2014
Total Revenue**	58,204.15	75,749.94	91,109.58	50,675.46
EBITDA	8,667.33	12,808.44	42,265.57	1,912.94
EBITDA Margin	14.89%	16.91%	46.38%	3.91%
Profit after tax ("PAT")	(74.88)	4,610.34	29,665.17	(2,558.11)
PAT Margin	-	6.09%	32.56%	-

** on consolidated basis*

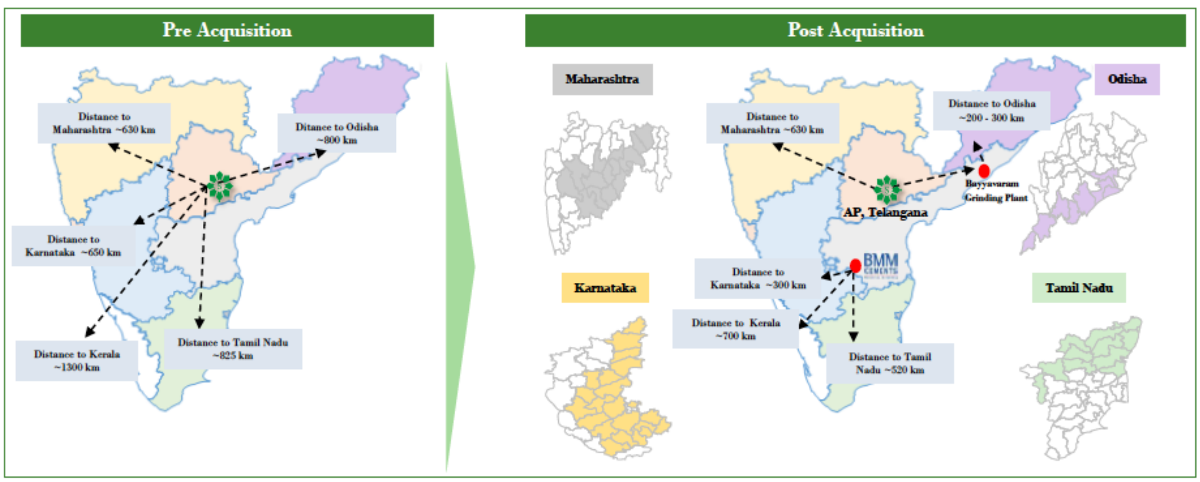
*** net of excise duty*

Recent developments

Acquisition of Bayyavaram unit

Our Company has acquired a grinding unit at Bayyavaram, Andhra Pradesh having a grinding capacity of 0.2 million MTPA which the Company has proposed to take it to 1.5 million MTPA. The Bayyavaram unit has not only led to an increase in our grinding capacity but also led to introduction of PSC to our product portfolio.

Further, the acquisition of the grinding unit at Bayyavaram is expected to provide access to eastern India region especially the southern Odisha market.



Setting up of a waste heat recovery power plant

Our Company is in the process of setting up a waste heat recovery power plant having a gross generation capacity of 6 MW at its Mattampally unit.

Setting up of coal based captive power plant at Mattampally unit

Our Company is planning setting up of a 15MW gross capacity captive coal based power generation plant compatible with all varieties of coal at the Mattampally unit.

Competitive strengths

We believe that the following are our core competitive strengths:

Proximity to large reserve of cement grade limestone mines and other raw materials

Our two limestone mines that feed to our Mattampally unit have mineral reserves and resources of approximately 198.59 million tonnes. Our limestone requirements for the Mattampally unit for the Fiscals 2014, 2015 and 2016 have been 1.73 million tonnes, 1.98 million tonnes and 1.82 million tonnes, respectively. In addition, we are in the process of obtaining the necessary approvals for additional limestone mine, which will increase our total mineral reserves and resources to approximately 900 million tonnes.

Attributing to the cement grade quality of the limestones, we do not incur any costs associated with purchase of sweeteners to improve the quality of our limestone. This results in a cost saving advantage on our operations. Further, our manufacturing units both at Mattampally and Gudipadu are in close proximity to our limestone reserves which directly results in a cost advantage in terms of transportation costs.

Additionally, our requirement of coal is met through procurement from the Singareni colliery located in the state of Telangana which is approximately 200 kilometres away from our Mattampally unit. The remaining coal requirement is met through purchase of imported coal which is procured from the port city of Vishakhapatnam and Krishnapattnam near Nellore.

Manufacturing units – strategically located

All our production units are located in the states of Andhra Pradesh and Telangana which provides us a significant locational advantage considering that our significant revenue, on a consolidated basis, is generated from sales in the states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Maharashtra. Our production units are well connected by road and rail, with each of our cement production units connected to both the national highway and the national railway networks. The Mattampally unit has railway sidings at the production site that enable it to access the railway directly and reduces our transportation costs. Our Gudipadu unit is located only approximately 10 kilometres away from the nearest railway station.

Logistics is one of the key elements of our total expenses. Our expenditure on freight and forwarding during Fiscal 2014, Fiscal 2015 and Fiscal 2016 was ₹ 10,585.56 lakhs, ₹ 10,856.90 lakhs and ₹ 10,056.41 lakhs, comprising 19.45%, 20.37% and 17.39% of our total expenses on standalone basis, respectively. Our expenditure on freight and forwarding during the Fiscal 2016 was ₹ 12,048.43 lakhs comprising 17.09% of our total expenses on a consolidated basis. Generally, margins are inversely proportional to distance from the manufacturing facility to the markets. Being located close to our key markets such as Andhra Pradesh, Telangana, Tamil Nadu and Karnataka helps us incur low transportation expenses. Further, Andhra Pradesh shares a land border with Odisha, which is one of the major cement consuming states in the eastern India region.

Access to principal raw materials / components of the manufacturing process, namely limestone and power

The key ingredient in our manufacturing process is limestone. We have our own limestone mines at our production unit sites at Mattampally and Gudipadu.

Our cement production units presently require approximately 46.50 MW of power. Power required for the manufacturing process at Mattampally unit is sourced partially from our captive unit of BMM of 25 MW of gross power generation capacity and the rest from the state power grid. While the production unit at Gudipadu sources its entire power requirements of 12 MW from its captive power plant, the surplus power is primarily transmitted to our Mattampally unit through the state power grid besides supplying power to the Telangana State Power Coordination Committee/Southern Power Distribution Company of Telangana Limited. We expect that after the commissioning of the 6 MW WHR power generation plant and the 15 MW coal based captive power plant, we will have a gross power generating capacity of 46 MW which would reduce our dependence on the state power grid and consequently leading to reduction in our expenses on account of purchase of power.

Quality of products and on-site quality testing facility

Both our production units at Mattampally and Gudipadu are fully automated. Our production unit at Mattampally is equipped with a fully automated, robotic based, NABL certified laboratory for quality control. The automated process and robotic quality testing facilities help us monitor and control the production process on a real time basis to achieve consistent requisite quality of production thereby resulting in conservation of energy and raw materials.

The fully automated system allows us to monitor on a continuous basis our production machinery aiding higher plant availability factor. Both our production units at Mattampally and Gudipadu are equipped with emission control systems such as reverse air-bag house (RABH), electrostatic precipitator and dust collectors to minimize pollution and to provide a dust-free environment at our manufacturing units.

Experienced Promoter and Senior Management Personnel

Our Promoter have played a key role in developing our business and we benefit from their significant experience in the cement production business. Our Board comprises of Directors who have extensive experience in the cement industry setting up and managing companies in the cement and construction industries and in the finance sector. Our executive director, S Sreekanth Reddy, who holds a Bachelor's degree in engineering in (Industrial & Production Engineering) from the Karnataka University and is involved in our day to day operations. We also have a qualified key management team who assist the Board in implementing our business strategies and identifying new opportunities for furthering the growth of our Company and have experience in the cement industry, including in the areas of manufacturing, quality control, sales, marketing and finance. We believe that the cement manufacturing domain knowledge and experience of our Promoter and our Senior Management Personnel provides us with a significant competitive advantage as we seek to grow in our existing markets and enter new segments and regional markets.

Our Company has been operational for over 35 years. Our Promoter and Senior Management Personnel have substantial work experience in the cement manufacturing industry and all our Senior Management Personnel have been associated with the Company for nearly a decade or more.

For further details of our Senior Management Personnel, please refer to chapter titled '***Board of Directors and Senior Management***' beginning on page 132.

Extensive sales and distribution network

We believe that we have a wide sales and distribution network capable of successfully marketing our products. As our cement products are marketed regionally, we focus our sales and distribution mainly in the states of Andhra Pradesh and Telangana, Karnataka, Tamil Nadu and Maharashtra. As of December 31, 2016, our sales division which comprises of about 94 employees which constitutes about 14.99% of our total employee strength. In addition, our distribution network comprises of over 1,950 dealers, distribution agents and consignment agents.

We have long-term relationships with our dealers, distributors and consignment agents, who are mostly local entrepreneurs. We believe this gives us a unique advantage in providing us with intimate knowledge of the demands and needs of customers in the regional markets where our sales team is present and operates. Through our network of sales team and dealers, we are able to reach a wide base of customers in the markets in which we operate. We believe that the extent of this network, and our relationships with our dealers, enables us to market and distribute our cement widely and efficiently.

Efficient operational performance

Our Company has an EBITDA margin of 16.91% for the Fiscal 2016 and an EBITDA margin of 14.89 % for the nine months ended December 31, 2016, each on a consolidated basis. Our Company believes it is able to operate at these levels of operating efficiency due to its technical base, cost management initiatives such as freight optimizations with the introduction of railway sidings at our Mattampally unit, the quality of its manufacturing facilities and its marketing and distribution network. Our Company has also implemented measures such as installation of a secondary crusher and a vertical roll pre-grinder at our Mattampally unit which has led to increase in efficiency of our manufacturing unit. Additionally, we have installed variable frequency drives (VFDs) to optimize power consumption at our Mattampally unit and the Gudipadu unit.

Our strategies

Short term strategies

Expanding market by increasing grinding capacity

Our grinding mills' installed capacity at our cement production units is 4.2 million MTPA. We intend to increase this capacity to 5.5 million MTPA by way of increasing the capacity of our Bayyavaram unit. We believe that our acquisition and proposed expansion of the Bayyavaram unit would enable us to expand our sales in the eastern India region. The cost of freight and forwarding of cement accounted for 28.03% of our total manufacturing expense on a consolidated basis in the Fiscal 2016. In order to avoid significant costs of setting up an integrated cement production unit and to be able to expand our market, we believe that the acquisition of the Bayyavaram unit will enable us to reasonably reduce the cost of freight and forwarding to cater to the eastern India market. Therefore, by acquiring a cement grinding unit in the eastern part of India, we believe that we will be able to penetrate the eastern India region, in the longer run, with no significant increase in our operational costs.

Energy efficiency and cost optimization

The cost of power accounted for 10.89% of our total expenditure in the Fiscal 2016 and 6.77% of our total expenditure in the nine months ended December 31, 2016, each on a consolidated basis. We currently rely on power provided by the state electricity board and other sources such as through the energy exchanges. One of our key strategic objectives is to reduce our cost of power. To this effect, we are in the process of implementing a waste heat recovery ("**WHR**") power generation unit of 6 MW gross capacity and a coal based power generation unit of 15 MW gross capacity at our Mattampally unit. We believe that our WHR power generation unit will help reduce our power costs. Our Company has also implemented measures such as installation of a secondary crusher and a vertical roll pre-grinder at our Mattampally unit which has led to increase in efficiency of our manufacturing unit. Additionally, we have installed variable frequency drives (VFDs) to optimize power consumption at our Mattampally unit and the Gudipadu unit.

Medium and Long Term Strategies

Focus on inorganic growth

Our Company has acquired BMM in the Fiscal 2016 which has led to a direct increase in our production capacity by 1 million MTPA and further increased our mining resources. Additionally, our acquisition of BMM has not only allowed us to cater to new markets in southern India region through shorter lead distances but also led to optimization of freight and power costs. More recently, our Company recently acquired a grinding unit at Bayyavaram, Andhra Pradesh. The Bayyavaram unit is expected to directly increase in our grinding capacity and also help introduce PSC to our product portfolio. Further, the acquisition of the Bayyavaram unit is expected to provide access to eastern India region especially the southern Odisha market.

Pursuant to our growth strategy, the strategic investments and acquisitions of businesses in our industry may further play a significant role to grow our business. We believe that our effort at diversifying into new markets and products can be facilitated by investing in similar business opportunities or acquiring established business with market share or growth potential, whose operations, resources, capabilities and strategies are complementary to our Company. As on the date of this PPD, we have not identified any strategic investment or acquisition opportunities and we seek to enter into any such acquisition on an opportunistic basis.

Leveraging our existing capacity through improvements in production efficiency

At present, our consolidated installed annual cement manufacturing capacity is 4.2 million MTPA. However, in Fiscal 2014, Fiscal 2015 and Fiscal 2016 our annual production was 2.42 million MTPA, 2.55 million MTPA and 2.96 MTPA of cement, constituting an annual capacity utilisation of 52.66%, 56.42% and 49.24%, respectively. We believe that there is further scope of leveraging efficiency levels at our existing production units.

Promoting the 'Sagar Cement' brand

Our Company engages in various activities to promote its brand 'Sagar Cement' by way of wall paintings, advertisements in newspapers, advertisement through hoardings and on public transport. We also organize dealer meets where we provide information to our dealers/customers about the strengths of our product. We also obtain feedback from our dealers and customers to further improve our marketing strategy. Our sales and marketing team also directly approaches contractors and builders to promote our products.

Strengthening and expanding our distribution network

In order to improve our market share, we intend to continue to focus on expanding of our distribution network. We continuously seek to add additional dealers and retailers to our sales and distribution network, and to further strengthen our relationships with the existing dealers and retailers that carry our cement products. In order to enhance our relationships with dealers, we undertake programs to provide training and advice on marketing and sales techniques and technical applications of cement products. Our sales team generally meet with retailers and potential end users of our cement products to educate them about the diverse uses of cement, as well as more traditional uses of various varieties of cement that we produce.

SUMMARY FINANCIAL INFORMATION

The following selected information is extracted in respect of the standalone financial statements of our Company as at and for the Fiscal Years 2014, 2015 and 2016 along with the consolidated financial statements of our Company as at and for the Fiscal Year 2016 and should be read in conjunction with our Audited Financial Statements and Unaudited Financial Results which appear in the section *"Financial Statements"* beginning on page 191 and should be read together with *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on page 73.

SUMMARY OF STANDALONE BALANCE SHEET

(₹ in Lakhs)

	Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
	EQUITY AND LIABILITIES			
1	**Shareholders' funds**			
(a)	Share capital	1,738.80	1,738.80	1,738.80
(b)	Reserves and surplus	53,589.01	50,394.47	22,347.75
		55,327.81	**52,133.27**	**24,086.55**
2	**Non - current liabilities**			
(a)	Long term borrowings	10,565.26	12,112.93	11,135.41
(b)	Deferred tax liability (net)	4,741.06	4,754.11	3,224.18
(c)	Other long term liabilities	3,815.73	3,370.14	4,931.93
(d)	Long term provisions	2,543.12	2,608.70	1,861.81
		21,665.17	**22,845.88**	**21,153.34**
3	**Current liabilities**			
(a)	Short term borrowings	6,912.65	8,802.67	6,644.23
(b)	Trade payables			
	(i) Dues to micro enterprises and small enterprises	0.15	36.46	12.25
	(ii) Dues to creditors other than micro enterprises and small enterprises	9,084.40	7,459.51	4,600.98
(c)	Other current liabilities	6,038.00	6,829.72	10,059.79
(d)	Short term provisions	618.03	1,601.24	177.34
		22,653.23	**24,729.60**	**21,494.62**
TOTAL		**99,646.21**	**99,708.75**	**66,734.51**
	ASSETS			
1	**Non - current assets**			
(a)	Fixed assets			
	(i)Tangible assets	44,015.07	33,320.33	33,511.05
	(ii) Intangible assets	15.30	19.28	
	(iii)Capital work in progress	1,297.70	11,219.34	4,007.28
(b)	Non - current investments	7,820.59	2.65	8,602.65
(c)	Long term loans and advances	24,430.50	7,298.93	4,598.67
(d)	Other non-current assets	291.51	150.87	
		77,870.67	**52,011.40**	**50,719.66**
2	**Current assets**			
(a)	Inventories	6,569.85	6,230.84	4,177.53
(b)	Trade receivables	4,601.06	5,805.78	4,848.41
(c)	Cash and bank balances	366.82	21,927.53	457.03
(d)	Short term loans and advances	7,365.60	12,370.03	2,628.95
(e)	Other current assets	2,872.21	1,363.17	3,902.93
		21,775.54	**47,697.35**	**16,014.85**

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
TOTAL	**99,646.21**	**99,708.75**	**66,734.51**

Previous year figures have been regrouped and reclassified wherever considered necessary to confirm to the current year’s classification.

SUMMARY OF STANDALONE PROFIT AND LOSS ACCOUNT

(₹ in Lakhs)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
Revenue from operations - sale of cement (gross)	70,462.46	63,179.84	56109.56
Less : Excise duty	8,635.00	8,696.74	7,215.73
Revenue from operations (net)	61,827.46	54,483.10	48893.83
Other operating income	348.76	330.26	1546.76
Income from operations	62,176.22	54,813.36	47383.59
Other income	2,823.63	36,296.22	234.87
Total revenue (I + II)	**64,999.85**	**91,109.58**	**50675.46**
Expenses			
Cost of materials consumed	6,638.12	6,778.56	5,228.12
Purchase of stock-in-trade	6,483.60	-	-
Changes in inventories of finished goods, work in progress	176.65	(1,060.85)	127.28
Manufacturing expenses	22,859.28	26,316.87	25,272.58
Employee benefits expense	3,757.37	3,344.63	2,531.27
Finance costs	2,903.49	2,308.23	2,954.74
Depreciation and amortization expense	2,336.76	2,150.47	2,693.40
Other expenses	12,735.29	13,603.45	15603.26
Less: Captive consumption of cement net of excise duty ₹ 64.83 lakhs (Year ended March 31, 2015 ₹ 123.38 lakhs and Year ended March 31, 2014 ₹ 136.58 lakhs)	(77.55)	(138.65)	-
Total expenses	**57,813.01**	**53,302.71**	**54410.65**
Profit before tax	**7,186.84**	**37,806.87**	**(3,735.20)**
Tax expense:			
Current tax/Earlier year	1,835.15	7,929.30	(57.07)
MAT Credit	-	(1,344.29)	
Deferred tax	375.90	1,556.69	1234.16
Net tax expense	2,211.05	8,141.70	1177.09
Profit for the year	**4,975.79**	**29,665.17**	**(2558.11)**
Earning per equity share of ₹ 10 each:			
Basic & Diluted (in ₹)	28.62	170.61	(14.71)

Previous year figures have been regrouped and reclassified wherever considered necessary to confirm to the current year's classification.

SUMMARY OF STANDALONE CASH FLOW STATEMENT

(₹ in Lakhs)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
(A) Cash flows from operating activities			
Profit /(Loss) before extraordinary items and tax	7,186.84	37,806.87	(3,735.20)
Adjustments for:			
Depreciation and amortization expense	2,336.76	2,150.47	2,693.40
(Profit) /Loss on sale of fixed assets	17.44	(13.74)	(112.67)
Finance costs	2,903.49	2,308.23	2,954.74
Dividends Income	(0.26)	(0.26)	(0.52)
Interest income	(2,823.37)	(1,382.22)	
Provision for doubtful trade receivables, loans and advances	36.20	-	
Net (gain)/ loss on sale of investments	-	(34,900.00)	
Operating profit before working capital changes	**9,657.10**	**5,969.35**	**1,799.75**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Trade receivables	1,168.52	(957.36)	481.14
Inventories	(339.01)	(2,053.31)	2,344.55
Short term loans and advances	1,155.87	(920.56)	526.67
Long-term loans and advances	18.96	13.43	-
Other current assets	684.90	2,481.40	(140.99)
	2,689.24	**(1,436.40)**	**3,211.37**
Adjustments for increase / (decrease) in operating liabilities:			
Trade Payables	1,588.58	517.63	(1,814.71)
Long term provisions	(65.58)	746.89	1,254.88
Short term provisions	47.01	(167.93)	72.44
Other current liabilities	1,217.94	(1,851.41)	2,704.67
Other long term liabilities	445.59	200.11	550.43
	3,233.54	**(554.71)**	**2,767.71**
Cash generated from operations	**15,579.88**	**3,978.24**	**7,778.83**
Net income tax (paid) / refunds	(2,342.90)	37.45	64.97
Net cash from Operating activities (A)	**13,236.98**	**4,015.69**	**7,713.86**
(B) Cash flows from investing activities			
Capital expenditure on fixed assets, including capital advances	(4,389.59)	(9,283.33)	(5,836.29)
Purchase of long-term investments - investment in subsidiary	(5,317.94)	-	
Proceeds from sale of fixed assets	55.75	27.26	126.29
Interest received	624.95	1,272.10	
Dividend received	0.26	0.26	0.52
Bank balances not considered as cash and cash equivalents (net)	(227.26)	(178.93)	
Loan to subsidiary (net)	(15,642.96)	-	
Inter-corporate deposit placed	-	(7,500.00)	
Advance towards acquisition of subsidiary	-	(2,500.00)	
Proceeds from sale of long-term investment	-	36,652.24	
Net cash flow (used in) / from investing activities (B)	**(24,896.79)**	**18,489.60**	**(5,709.48)**
(C) Cash flows from financing activities			
Proceeds from long term borrowings	11,480.79	4,512.79	3,619.96
Repayment of long term borrowings	(14,604.89)	(2,645.54)	(5,342.67)
Dividends paid	(1,478.47)	(1,043.28)	(173.88)
Finance costs	(3,499.42)	(2,280.38)	(2,965.84)
Receipts/Repayment of unsecured loans	-	(1,812.90)	855.00

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
Repayment of short-term borrowings (net)	(1,890.02)	2,206.46	
Net cash from financing activities (C)	**(9,992.01)**	**(1,062.85)**	**(4,007.43)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(21,651.82)**	**21,442.44**	**(2,003.05)**
Cash and cash equivalents at beginning of the year	**21,668.64**	**226.20**	**2,460.08**
Cash and cash equivalents at the end of the year	**16.82**	**21,668.64**	**457.03**

Previous year figures have been regrouped and reclassified wherever considered necessary to confirm to the current year's classification.

SUMMARY OF CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

	Particulars	Fiscal 2016
	EQUITY AND LIABILITIES	
1	**Shareholders' funds**	
(a)	Share capital	1,738.80
(b)	Reserves and surplus	53,223.55
		54,962.35
2	**Non - current liabilities**	
(a)	Long term borrowings	29,535.26
(b)	Deferred tax liability (net)	4,741.06
(c)	Other long term liabilities	4,441.69
(d)	Long term provisions	2,568.65
		41,286.66
3	**Current liabilities**	
(a)	Short term borrowings	8,698.97
(b)	Trade payables	
	(i) Dues to micro enterprises and small enterprises	0.15
	(ii) Dues to creditors other than micro enterprises and small enterprises	13,240.49
(c)	Other current liabilities	10,288.93
(d)	Short term provisions	658.70
		32,887.24
TOTAL		**129,136.25**
	ASSETS	
1	**Non - current assets**	
(a)	Fixed assets	
	(i)Tangible assets	88,405.77
	(ii) Intangible assets	42.53
	(iii)Capital work in progress	1,519.47
	(iv)Goodwill on consolidation	7,148.89
(b)	Non - current investments	2.65
(c)	Deferred Tax Assets (net)	2,112.55
(d)	Long term loans and advances	7,726.72
(e)	Other non-current assets	291.51
		107,250.09
2	**Current assets**	
(a)	Inventories	9,052.43
(b)	Trade receivables	8,121.32
(c)	Cash and cash equivalents	647.46
(d)	Short term loans and advances	2,909.16
(e)	Other current assets	1,155.79
		21,886.16
	TOTAL	**129,136.25**

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in Lakhs)

Particulars	**Fiscal 2016**
REVENUE	
Revenue from operations(Gross)	
Sale of cement	82,840.31
Sale of power	3,160.30
	86,000.61
Less: Excise Duty	10,899.78
Revenue from operations(Net)	**75,100.83**
Other operating income	241.41
Income from operations	**75,342.24**
Other income	407.70
Total revenue	**75,749.94**
EXPENSES	
Cost of materials consumed	8,708.32
Purchase of stock-in-trade	4,686.19
Changes in inventories of finished goods and work in progress	291.19
Manufacturing Expenses	29,305.12
Employee benefits/ expenses	4,101.30
Finance costs	4,176.67
Depreciation and amortization expenses	3,364.88
Other expenses	15,955.64
Less: Captive consumption of cement (net of excise duty 89.61 lakhs)	(106.26)
Total expenses	**70,483.05**
Profit before tax	**5,266.89**
Tax expense:	
Current tax	1,835.41
Deferred tax	1,178.86
Net tax expense	**656.55**
Profit for the year	**4,610.34**
Earning per equity share	
Basic & Diluted (in ₹)	26.51

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakhs)

Particulars	Fiscal 2016
(A) Cash flows from operating activities	
Profit before tax	5,266.89
Adjustments for:	
Depreciation and amortization expense	3,364.88
(Gain)/ Loss on sale of fixed assets (net)	15.13
Finance costs	4,176.67
Dividends Income	(0.26)
Interest income	(409.28)
Provision for doubtful trade receivables, loans and advances	36.20
	7,183.34
Operating profit before working capital changes	**12,450.23**
Changes in working capital:	
Adjustments for (increase) / decrease in operating assets:	
Trade receivables	(724.64)
Inventories	(1,047.19)
Short term loans and advances	304.48
Long-term loans and advances	18.97
Other Current Assets	473.67
	(974.71)
Adjustments for increase / (decrease) in operating liabilities:	
Trade Payables	3,539.33
Long term provisions	(71.47)
Short term provisions	87.68
Other current liabilities	(853.74)
Other long term liabilities	1,069.50
	3,771.30
Cash generated from operations	**15,246.82**
Net income tax paid	(2,359.08)
Net cash flow from Operating activities (A)	**12,887.74**
(B) Cash flows from investing activities	
Capital expenditure on fixed assets, including capital advances	(7,195.26)
Acquisition of subsidiary	(5,317.94)
Proceeds from sale of Fixed assets	1,245.09
Interest received	404.80
Dividend received	0.26
Movement in bank balances not considered as cash and cash equivalents (net)	(227.26)
Net cash flow from investing activities (B)	**(11,090.31)**
(C) Cash flows from financing activities	
Proceeds from issue of debentures	15,000.00
Proceeds from long term borrowings	13,980.79
Repayment of long term borrowings	(45,312.82)
Dividends paid	(1,478.48)
Finance costs	(4,011.95)
Repayment of short-term borrowings (net)	(1,702.81)
Net cash used in financing activities (C)	**(23,525.27)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(21,727.84)**
Cash and cash equivalents at beginning of the year	**21,668.64**
Cash and cash equivalents on acquisition of subsidiary	**356.66**
Cash and cash equivalents at the end of the year	**297.46**

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read together with "Industry and Market Data", "Business", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Preliminary Placement Document.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business, prospects, financial condition and results of operations and cash flow. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations and cash flow could suffer, the trading price of, and the value of your investment in, Equity Shares could decline and you may lose all or part of your investment. In making an investment decision you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Preliminary Placement Document.

Unless otherwise mentioned, all the references in this Chapter on the financial information of our Company for the nine months period ended December 31, 2016, Fiscals 2016, 2015 and 2014 are based on standalone audited financial statements and for the nine months period ended December 31, 2016 are based on the Unaudited Financial Results.

INTERNAL RISK FACTORS

Our business is dependent upon our ability to mine sufficient limestone for our operations. If we are unable to mine sufficient limestone or our rights are revoked or not renewed, or significant restrictions on the usage of the rights are imposed or substantially increase in royalties, could have an adverse impact on our business, financial condition and results of operations.

Limestone is the principle raw material for cement manufacturing process which we directly source from our mines situated at Mattampally, Nalgonda District, Telangana and Gudipadu, Ananthapur District, Andhra Pradesh (held through our Subsidiary, BMM Cements Limited) spread across approximately 800 acres and 1,123 acres, respectively. In addition, we have also made an application for the relevant approvals for acquiring the mining lease for an additional mine situated at Mattampally, Nalgonda District, Telangana spread across 1,792 acres. The lease period for our mines are usually 20 years and are subject to further renewal on expiration in accordance with the current provisions of the Mines and Minerals (Regulation and Development) Act, 1957, the Mines and Minerals (Development and Regulation) Amendment Act, 2015 and the Mineral Concession Rules, 1960.

Mining rights are subject to compliance with certain conditions, and the Government has the power to take action with respect to mining rights, including imposing fines or restrictions, revoking the mining rights or changing the amount of royalties payable for mining the quarries. Such royalties have been reviewed by the Government periodically and increased from time to time. In case of increase of rate of royalty for mining of lime stone, our cost of production will also increase to that extent. There can be no assurance that our Company will be able to retain such leasehold rights on acceptable terms, or, if obtained, such rights may not be obtained in a timely manner or may involve requirements which restrict the Company's ability to conduct the Company's operations or to do so profitably. Moreover, entering into new license or mining lease contracts or extending existing license or mining lease contracts is time-consuming and requires the review and approval of several Government authorities.

Although we believe that our mining rights are sufficient to meet our current and projected production levels, in case such rights are revoked or not renewed upon expiration, or significant restrictions on the usage of the rights are imposed or applicable environmental standards are substantially increased or royalties are increased to significant levels, our ability to operate our plants adjacent to the affected limestone mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect our business, financial condition and results of operations.

Further, our Company's licenses or mining lease contracts contain various obligations and restrictions, including the requirement for commencing operations within a specified period of the grant of the lease and seeking a prior Government approval for an assignment or any other form of transfer of the lease. If the Company breaches these obligations, the Company may suffer adverse consequences, such as penalties and/or suspension or termination of the Company's license or mining lease contracts. In addition, changing circumstances may require the Company to amend these license or mining lease contracts. There can be no assurance that the relevant Indian regulatory authorities will agree to future amendments of the Company's obligations. The loss of the Company's license or mining lease contracts would have a material adverse effect on our business, financial condition, results of operations and profits.

The limestone reserve data in this Preliminary Placement Document are only estimates and our actual production with respect to our reserves may differ from such estimates.

The limestone reserve data given in this Preliminary Placement Document are only estimates by an independent consultant and our Company's actual production and expenditure with respect to its reserves may differ from such estimates. There are numerous uncertainties inherent in estimating quantities of our limestone reserves, including many factors beyond our control. In general, estimates of limestone reserves are based upon a number of variable factors and assumptions, such as geological and geophysical characteristics of the reserves, historical production performance from the properties, the quality and quantity of technical and economic data, extensive engineering judgments, the assumed effects of regulation by Central Government agencies and future operating costs. All such estimates involve uncertainties, and classifications of reserves are only attempts to define the degree of likelihood that the reserves will result in revenue for us. For those reasons, estimates of the economically recoverable reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially. Therefore, actual limestone reserves may vary significantly from such estimates. To the extent actual reserves are significantly less than the estimates, our financial conditions and results of operations are likely to be materially and adversely impacted. While these estimates are based on detailed studies conducted by independent experts, there can be no assurance that these estimates would not be materially different from estimates prepared in accordance with a recognised international method or norms.

Our operations are power intensive. Our power and fuel expenses constitute a significant component of our total manufacturing expense. Any shortages or any prolonged interruption or increase in the cost of power supply including supply of coal, could adversely affect our business, result of operations and financial conditions.

Our Company's operations are power intensive and thus we require continuous supply of power for the manufacturing of cements. Our manufacturing facilities consume significant amount of power and constitute 28.65%, 25.66 %, 19.44% and 23.34 % of our total manufacturing expense for Fiscal 2014, Fiscal 2015, Fiscal 2016 and for the nine months ended December 31, 2016, respectively. We meet our power requirements primarily through state electricity boards and our captive power plant.

Additionally, coal is the vital fuel source used in our manufacturing operations required for firing the pre-heater and rotary kiln as well as to generate power for grinding the clinker. In addition, we would also be required to source coal for our proposed 15 MW captive power plant that proposed to be situated at Mattampally facility, Nalgonda. During Fiscal 2014, 2015, 2016 and the nine months ended December 31, 2016, expenditure on coal constituted 36.09%, 39.96%, 27.96% and 36.03% of our total manufacturing expenses and 22.61%, 23.36%, 16.26% and 20.53% of our income from operations, respectively. We are dependent on various domestic suppliers for the supply of coal. We also use a small amount of imported coal, primarily from South Africa and Australia. We have entered into arrangement for the annual supply of 63,750 tonnes per annum for a period of 3 year from April 1, 2014. Any inability to procure sufficient quantities of coal on commercially acceptable terms or inability to pass on any increase in the price of coal to our customers could adversely affect our business, results of operations and financial condition.

In order to further reduce our cost of power and improve margins, we are planning to set up a 15 MW coal based captive power plant at our Mattampally unit and in the process of setting up a waste heat recovery power plant having a generation capacity of 6 MW.

Our plans relating to the establishment of these power plants are subject to various potential problems and uncertainties, including changes in economic conditions, delays in completion, cost overruns, possibility of unanticipated future regulatory restrictions and diversion of management resources. In addition, certain regulatory approvals required for the establishment of these proposed power plants have not yet been applied for by the Company. There can be no assurance that we will receive such approvals or complete any or all of our proposed plans relating to these power plants.

The cost of electricity from state electricity board could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason such electricity is not available, it may result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. Any prolonged interruptions or increase in the cost of power of supply could adversely affect our business, result of operations and financial conditions.

Our operations and revenues are majorly concentrated in the southern region of India and the inability to retain and grow our business in this region besides growing in other regions of India may have an adverse effect on our business, financial condition, results of operations and prospects.

Our present operations and revenues are majorly, concentrated in the southern region of India especially in the state of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu. In Fiscals 2014, 2015, 2016 and for the nine months period ended December 31, 2016 our revenue from the Andhra Pradesh, Telangana, Karnataka and Tamil Nadu constituted 80.36%, 77.07%, 78.14% and 75.98% respectively, of our revenue from operations while the other regions like Maharashtra, Odisha and others constituted 19.64%, 22.93%, 21.86% and 24.02% respectively, of our revenue from operations for the same period.

While our strategic objectives include geographical expansion of our operation, including in the eastern region of India, in the event of a significant drop in our sales from the southern region of India competing in the segment in which we operate, our business, financial condition, results of operations and prospects may be adversely affected.

We are involved in certain legal and other proceedings. An adverse outcome in such proceedings may have an adverse effect on our financials.

We are currently involved in certain legal proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Details of the total number of material proceedings pending by and against our Company and its Subsidiary are mentioned below:

Litigation filed against our Company and its Subsidiary:

Nature of cases/claims	Number of cases outstanding	Amount involved (₹ *in lakhs)**
Against Our Company		
Civil Matters	4	-
Tax Matters	12	1,403.97
Against our Subsidiary		
Civil Matters	3	-
Tax Matters	3	295.04

* *To the extent quantifiable.*

Litigation filed by our Company and its Subsidiary:

Nature of cases/claims	Number of cases outstanding	Amount involved (₹ *in lakhs)**
By our Company		
Civil Matters	8	173.81
By our Subsidiary		
Civil Matters	1	-

* *To the extent quantifiable.*

For further details of these legal proceedings, please refer to chapter titled "*Legal Proceedings"* beginning on page 183.

We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares.

Our Company is heavily reliant on the demand for cement from various industries such as infrastructure, housing and commercial real estate. Any downturn in the cement consuming industries could have an adverse impact on our Company's business, growth and results of operations.

The cement manufacturing companies are heavily reliant on demand from the cement-consuming industries such as infrastructure, housing and commercial real estate. These industries are, in turn, affected by macro-economic factors and the general Indian economy.

Demand for cement industries is principally dependent on sustained economic development in the regions in which we operate. The change in the funding mechanism increases the uncertainty of current plan of the government regarding funds for highway projects. While cement consuming industries such as infrastructure, housing and commercial real estate are expected to drive the demand for cement, there can be no assurance that these expectations will be met or that our Company will benefit from such expansion. Delays or cancellations of state infrastructure spending could negatively affect the Company's financial position and liquidity because a significant portion of its business is dependent on public infrastructure spending. However, a slowdown, downturn slump or reduction of capital investment in the cement consuming industries including infrastructure, housing and commercial real estate could have adverse impact on cement demand and, consequently, on our Company's business, growth and results from operations.

If we are unable to maintain and enhance the brand 'Sagar Cements', the sales of our products may suffer. Erosion of the reputation of our brand name or failure to protect our brand from counterfeiting or imitation could adversely impact our business, financial condition and results of operations.

We believe that our brand image plays a significant role in the success of our business and attracting customers. We manufacture and sell our products under the brand *'Sagar Cements*'. The ability to differentiate our brand and products from that of our competitors through our promotional, marketing and brand building initiatives is an important factor in attracting customers. Maintaining, enhancing and protecting our brand image may require us to undertake significant expenditures and make investments in areas including advertising and marketing. If our initiatives in any of these areas are not effectively implemented or our products fail to find acceptance with our existing and potential customers resulting in loss of customer confidence in our brand for any reason, our ability to attract and retain customers could be adversely affected.

Our failure to detect counterfeiting or imitation of our own brand products and trademarks and to mitigate the adverse impact from such counterfeiting and imitation could result in a decrease in our sales volume or market share. Furthermore, we cannot guarantee that the use of our brand and trademarks will not infringe the intellectual property rights of any third party or otherwise violate any applicable laws. Any liability or claim in relation to our use of such brands and trademarks made or threatened to be made against us in the future, regardless of its merits, could result in costly litigation and strain our administrative and financial resources. If we fail to effectively protect our brand and trademarks, our reputation could suffer severe damage, which in turn could have a material adverse effect on our business, financial condition and results of operations.

The loss or shutdown of operations at our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing facilities are subject to various operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Further, our results of operations are also dependent on the successful operation of our manufacturing facility. Long periods of business disruption could result in a loss of customers. Although we take precautions to minimize the risk of any significant operational problems at our manufacturing facility, our business, financial condition and results of operations may be adversely affected by any such disruptions in future.

Our Company is undertaking this Issue pursuant to, inter alia, the in-principle approval dated February 7, 2017 issued by the NSE (the "NSE Approval") which contains conditions and observations noted by the NSE in relation to non-compliance by the Company of the provisions of the Listing Regulations. The Company may attract the consequences of breach of the Listing Regulations and subject the Company to liabilities including legal proceedings, penal action from the NSE and/or SEBI in relation to the observations contained in the NSE Approval.

Our Company is undertaking this Issue pursuant to, inter alia, the NSE Approval which contains conditions and observations noted by the NSE in relation to non-compliance by the Company of the provisions of the Listing Regulations. The NSE in its NSE Approval has noted that the proposal to raise funds pursuant to this Issue is not in compliance with Regulations 29(1) and (2) and Regulation 30 of the Listing Regulations and may attract consequences of breach of the Listing Regulations. The NSE Approval is conditional, inter alia, upon fulfillment all conditions as per the Listing Regulations as on date of listing, Companies Act, 1956 / Companies Act, 2013 and other applicable laws. The NSE has noted that the above non-compliances may attract penal action from the NSE or SEBI or both.

Our business and future results of operations may be adversely affected if we are unable to implement our expansion and modernization plans for our existing manufacturing facilities Our future growth is dependent on the successful and timely optimisation and modernisation of our existing plants and other facilities, implementation of expansion plans which largely depend on our ability to raise new capital.

During the Fiscal 2014, 2015 and 2016 and the nine months ended December 31, 2016, we have utilised 52.66%, 57.54%, 50.60% and 47.28%, respectively, of our total production capacity. Future growth will be driven by our ability to sustain similar levels of capacity utilisation, as well as by our ability to sell the increased volumes of cement that we anticipate producing. Growth will also be largely dependent upon demand for cement in India out-balancing supply.

We propose to increase the capacity of the grinding unit located at Bayyavaram in Anakapally, Visakhapatnam. We also propose to set up a 15 MW coal based captive power plant at our manufacturing facility located at Mattampally in Nalgonda, Telangana.

Our Company's growth projects (which are, by their nature, discretionary) may require greater investment than currently expected and, while we believe that the working capital available to us is sufficient for our present requirements, in the future we may be unable to satisfactorily fund these investments from our operations or external financing sources. Under these circumstances, the Company may not be able to fulfil these growth projects without reducing our investment in ongoing operations. If the Company were to incur significant indebtedness to fund future capital investments, it may have to dedicate a substantial portion of its cash flow to service the debt and the terms of any financing may restrict the Company's ability to pay dividends. The Company may fail to complete the projects on time, which could cause cost overruns. There can be no assurance that the Company's expected operational improvements will be fully realised as currently envisaged. Any delay, interruption or cost overruns in implementing planned capital investments could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any increase in our Company's production costs could materially and adversely affect the Company's business, financial condition and results of operations.

Our Company's competitiveness and long-term profitability substantially depends upon its ability to maintain a low cost base, including low transport, employee and labour costs, cost of raw materials, low power and fuel costs. There can be no assurance that the Company's cost inputs will be maintained at current levels. The Company's unit production costs are also significantly affected by production volumes given the relatively fixed nature of its cost base in the short term, and any inability to maximise capacity utilisation could impair the Company's overall cost competitiveness. Any increase in these costs could increase in the Company's production costs which could materially and adversely affect the Company's business, financial condition and results of operations.

Our Company's products are commodities, which are subject to significant changes in supply and demand and price fluctuations. Any such decline will have an adverse effect on the Company's financial condition and results of operations.

Cement is a commodity product and competition among manufacturers is based largely on price. Prices are often subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions and other market conditions beyond our control. Increases in the production capacity of industry participants or increases in cement imports tend to create an oversupply of such products leading to an imbalance between supply and demand, which can have a negative effect on product prices. There can be no assurance that prices for products sold by the Company will not decline in the future or that such declines will not have a material adverse effect on the Company's financial condition and results of operations.

Cement industry is capital intensive and our Company has significant fixed and semi-fixed costs. Therefore, its earnings are sensitive to changes in volume.

The property and machinery needed to produce cement can be very expensive. Therefore, the Company needs to spend a substantial amount of capital to purchase and maintain the equipment necessary to operate its business. Although we believes that the Company's current cash available, along with projected internal cash flows and financing from internal accrual, will be enough to support the currently anticipated operating and capital needs, if the Company is unable to generate sufficient cash to purchase and maintain the property and machinery necessary to operate the business, management may be required to reduce or delay planned capital expenditures or incur additional debt, which may only be available, if at all, on unsatisfactory terms. In addition, given the level of fixed and semi-fixed costs within the business, decreases in volumes could negatively affect the Company's financial position, and results of operations.

We depend on a distribution network for the sale and distribution of our products. Any disruption in our distribution network including disruptions in supply and transport of inputs and finished products will adversely affect our business and results of operations.

The production of cement is dependent on a steady supply of various inputs and cement (finished product). These inputs are transported to our plants by rail, land and sea transport, and cement is transported to our customers by land (through trucks and wagons) and rail transport. Transport of our inputs and finished products is subject to various bottlenecks and other hazards beyond our control, including poor infrastructure, accidents, adverse weather conditions, strikes and civil unrest.

We distribute our products through an independent dealership network. As on December 31, 2016, we have a strong network of over 1,950 dealers, distribution agents and consignment agents besides direct institutional sales to whom we sell directly. In addition, our consignee agents and distributors also engage a number of stockists, other distributors and sub-distributors who distribute our products to a number of retail outlets. As a result, we rely to a significant extent on the relationships we have with our whole-sellers, dealers and consignment agents, as they play a significant part in enhancing customer awareness of our products and maintaining our brand name. As our authorized dealers have day-to-day contact with customers, we are exposed to the risk of our dealers failing to adhere to the standards set for them in respect of sales and after-sales service, which in turn could affect our customers' perception of our brand and products. In addition, we provide our dealers with incentives to sell our cement products by way of discounts. If our competitors provide better commissions or incentives to our whole-sellers, dealers and consignment agents, it could result in them favoring the products of other cement manufacturers including our direct competitors.

In addition, cement is a perishable product as its quality deteriorates upon contact with moisture or humidity over a period of time. Therefore, prolonged storage or exposure to moisture during transport may result in cement stocks being written off. Similarly, our cement is sold in bags, which may split open during transport, again resulting in stock being written off. We do not maintain business interruption insurance with respect to transport. Although we have not encountered any significant disruption to the supply and transportation of inputs and finished products to date, no assurance can be given that any such disruption will not occur in the future as a result of these factors and that such disruptions will not be material. Transportation strikes by members of various Indian truckers' unions have had in the past, and could have in the future, an adverse effect on our Company's receipt of supplies and its ability to deliver its products. In addition, transportation costs have been steadily increasing. Any significant disruption in the distribution network could have a significant impact on our business and results of operations.

Environmental, health and safety laws and regulations, and any changes to, or liabilities arising under, such laws and regulations, could have a material adverse effect on our Company's financial condition, results of operations and liquidity.

Our Company's operations are subject to a variety of central, state and local laws and regulations relating to, among other things: (i) the release or discharge of materials into the environment; (ii) the management, use, generation, treatment, processing, handling, storage, transport or disposal of hazardous materials, including the management of hazardous waste used as a fuel substitute at our Company's cement kiln; and (iii) the protection of public and employee health and safety and the environment. These laws and regulations impose strict liability in some cases without regard to negligence or fault and exposes the Company to liability for the environmental condition of our facilities or waste disposal sites, and may expose the Company to liability for the conduct of others or for its actions, even if such actions complied with all applicable laws at the time these actions were taken. These laws and regulations may also expose the Company to liability for claims of personal injury or property or natural resource damage related to alleged exposure to, or releases of, regulated or hazardous materials. These potential liabilities or non-compliances could have an adverse effect on our Company's operations and profitability. For more details on the environmental regulations applicable to the Company, please see the section titled *"Regulations and Policies"* on page 124.

Stricter laws and regulations, more stringent interpretations of existing laws or regulations or the future discovery of environmental conditions may impose new liabilities on our Company, reduce operating hours, require additional investment by our Company in pollution control equipment or expanding existing plants or facilities. The Company has incurred, and may in the future incur, significant capital and operating expenditures to comply with such laws and regulations. The cost of complying with such laws could have a material adverse effect on our Company's financial condition, results of operations and liquidity. In addition, the Company has recorded liabilities in connection with its reclamation obligations, but there can be no assurances that the costs of its obligations will not exceed amounts accrued.

If we are not able to renew or maintain our statutory and regulatory permits and approvals required to operate our business, it may have a material adverse effect on our business.

Numerous governmental permits, approvals and leases are required for the Company's operations as the sectors in which the Company operates and seeks to operate are subject to numerous laws and extensive regulation by national, state and local authorities in India and any other jurisdictions where it may operate in the future. We have not obtained licenses under the applicable shops and establishments act in respect of operating our godowns. In the future, we will be required to renew such permits, licenses and approvals, and obtain new permits, licenses and approvals for any proposed operations. While we believe that we will be able to renew or obtain such permits, licenses and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure to comply with any laws or regulations or to obtain or renew the necessary permits, approvals and leases may result in various enforcement measures such as the loss of the right to mine or operate manufacturing facilities, the imposition of costly compliance procedures, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits, including mining leases and exploration licenses, and other enforcement measures could have the effect of closing or limiting production from the Company's operations.

We appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.

In order to retain flexibility and control costs, our Company appoints independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations. The numbers of contract labourers vary from time to time based on the nature and extent of work contracted to independent contractors. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the State Government from time to time. Any upward revision of wages that may be required by the State Government to be paid to such contract labourers, or offer of permanent employment or the unavailability of the required number of contract labourers, may adversely affect the business and future results of our Company’s operations.

Our indebtedness and the conditions and restrictions imposed on us by our financing and other agreements are onerous and could adversely affect our ability to conduct our business.

As of December 31, 2016, our Company had a total indebtedness of ₹ 21,924.09 lakhs. Pursuant to the loan facilities availed by us, we have entered into various financing documents with our lenders and which contain certain restrictive covenants. Our lenders may alter certain terms of lending at any time without assigning any reason. Our ability to borrow and the terms of such borrowings depend on several factors including our financial condition, the stability of our cash flows and our capacity to service debt. We may not be successful in obtaining additional funds in a timely manner, or on favourable terms or at all, which could adversely affect our results of operations. We cannot assure you that we will have adequate funds at all times to repay such credit facilities.

Some of our agreements contain covenants that may be onerous and commercially restrictive in nature. For example, some of our borrowing agreements impose a condition on us to inform the respective counterparties or obtain a prior written approval from such parties in the case of any change in control, amendment to the constitutional documents, creation of security, amalgamation, demerger/merger, incurring capital expenditure or declaring of dividends. In addition, certain of our borrowing agreements impose restrictive financial covenants and provide for maintaining specified financial ratios. Violation of any of these covenants result in attracting penal interest, causing claims to be brought against us or termination of the agreements as well as acceleration of payment obligations.

While we have obtained relevant consents and waivers from such lenders as applicable in relation to this Issue, there can be no assurance that we will be able to comply with these financial or other covenants, or that we will be able to obtain the consents necessary to take the actions we believe are required to operate and grow our business.

Additionally, we may require to fund capital expenditure by way of availing further debt. Such an event may require us to be placed under similar restrictions which may, among other things, limit our ability to pursue our growth plans as envisaged; require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund other capital expenditure, meet working capital requirements and use funds for other general corporate purposes. Such restrictions or conditions may limit our flexibility in planning for, or reacting to changes in our business and industry thereby adversely limiting our Company's operations and financial flexibility, and adversely affect its business, results of operations and financial condition.

We may be adversely affected by lenders' enforcement of our Company's guarantees and pledge over the shares held by the Company in our Subsidiary in relation to certain debt facilities of our Subsidiary, BMM Cements Limited.

As at March 31, 2016, our Company has provided corporate guarantees aggregating to ₹ 29,900 lakhs in favour of certain lenders of our Subsidiary, BMM Cements Limited. Our Company has pledged and may continue to pledge the shares it holds in its Subsidiary, BMM Cements Limited in favour of lenders as security for the loans provided to BMM Cements Limited. Such lenders may enforce the pledges, have the shares transferred to their names and acquire management control over the Subsidiary whose shares have been pledged and enforce the guarantees against our Company, if BMM Cements Limited is in breach of its obligations under the relevant loan documents. The lenders may also require alternate or additional guarantees, collaterals, accelerated payments of outstanding amounts or terminate the relevant loan facilities if they determine that our Company's guarantees are inadequate. We may not be successful in providing the required guarantees or at all and may need to repay outstanding amounts or seek additional sources of capital, which could affect our cash flows, financial condition and results of operation.

The success and wide acceptability of our products is largely dependent upon certain quality accreditations which are valid for a limited time period and to maintain an effective quality control system. An inability to ensure the renewal of these quality accreditations in a timely manner or at all may adversely affect our business prospects and financial performance.

Our business requires obtaining and maintaining quality certifications and accreditations from independent certification entities. As on date of this Preliminary Placement Document, our manufacturing units situated at Mattampally and Gudipadu respectively are accredited with as ISO 9001:2008 for conforming to the quality management system standard, ISO 14001:2004 for conforming to the environmental management system standard and OHSAS 18001:2007 for conforming to the occupational health and safety management system standard for manufacture of clinker and cement. We also comply with prescribed specifications and standards of quality approved by the Government in connection with the products we manufacture. We have obtained BIS certifications for our units situated at Mattampally, Bayyavaram and Gudipadu. Such specifications and standards of quality is an important factor in the success and wide acceptability of our products. We have not obtained ISO certification for our unit situated at Bayyavaram. If we fail to comply with applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected.

The quality of our products is critical to the success of our business, and quality depends on the effectiveness of our quality control system, which, in turn, depends on a number of factors, including the design of our system, our quality control training program, and the implementation and application of our quality control policies and guidelines. Any significant failure or deterioration of our quality control system could result in defective or substandard products, which, in turn, may result in delays in the delivery of our products and the need to replace defective or substandard products. As a result, our reputation, business, results of operations and financial condition could be materially and adversely affected.

Our failure to compete effectively could have an adverse effect on our business, results of operations, financial condition and future prospects.

The cement industry in India is highly fragmented and competitive. We face competition from domestic as well as international cement companies which operate in the Indian markets. These competitors may limit our opportunity to increase our market share and may compete with us on pricing of products. Some of our competitors are larger than we are, some are more diversified with operations across India, have greater financial resources than we do, have access to a cheaper cost of capital and may be able to produce cement more efficiently or to invest larger amounts of capital into their businesses. Our business could be adversely affected if we are unable to compete with our competitors and sell cement at comparable prices. For example, if any of our competitors develop more efficient production facilities, enabling them to produce cement and clinker at a significantly lower cost and sell at lower prices than us, we may be required to lower the prices of our products to match the comparable rates in the market and our business and results of operations could be adversely impacted.

Our competitors may also introduce new and more competitive products and strong supply chain management, make strategic acquisitions or establish cooperative relationships among themselves or with third parties, including dealers/ distributors of our products, thereby increasing their ability to address the needs of our target customers. If we cannot effectively compete in pricing, provide competitive products or services or expand into new markets, this could have a material negative effect on our business, financial condition and prospects of the Company.

We have undertaken and may continue to undertake strategic investments and alliances, acquisitions in the future, which may be difficult to integrate and manage. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations.

We have pursued and may continue to pursue acquisitions and strategic investments as a mode of expanding our operations. Going forward, we may undertake further acquisitions, investments and expansions to enhance our operations and manufacturing capabilities. While we intend to further expand our geographical reach through such acquisitions, we may not be able to identify or conclude appropriate or viable acquisitions in a timely manner. There can be no assurance that we will be able to raise sufficient funds to finance such strategies for growth. Further expansion and acquisitions may require us to incur or assume new debt, expose us to future funding obligations or integration risks and we cannot assure you that such expansion or acquisitions will contribute to our profitability. For instance, in November, 2014, we entered into a share purchase agreement for acquiring 100% holding of BMM Cements Limited. This acquisition enabled us to access new market through a cement manufacturing plant of a capacity of 1.00 million tonnes per annum and captive power generation unit of 25 megawatts at Gudipadu Village, Yadiki Mandal, Anantapur District of Andhra Pradesh. Further, we also acquired a grinding unit of 1,81,500 MTs per anuum capacity in Bayyavaram, Vizag, Andhra Pradesh on November 2, 2016.

The success of our past acquisitions and any future acquisitions will depend upon several factors, including the ability to identify and acquire businesses on a cost-effective basis, ability to integrate acquired personnel, operations, products and technologies into our organization effectively, unanticipated problems or inherent risk of past non-compliance or legal liabilities of the acquired businesses and tax or accounting issues relating to the acquired businesses. There are no guarantees that we will be able to successfully integrate any companies or assets we acquire, or that we will realize the strategic and/or operational benefits that we expect. Moreover, we may expend significant management attention trying to do so, but may not see results. In addition, there can be no assurance that we will be able to consummate our expansions, acquisitions, mergers or alliances in the future on terms acceptable to us, or at all. Any failure to identify and execute future acquisitions successfully could adversely impact the Company's growth strategy. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on our operating results, diversion of management's attention, failure to retain key personnel, risks associated with unanticipated events or liabilities and difficulties in the assimilation and integration of the operations.

Our business requires significant working capital to fund operations. If we are unable to generate sufficient cash flows to allow us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.

Our business requires a significant amount of working capital which is based on certain assumptions, and therefore, any change of such assumptions would result in changes to our working capital requirements. Our Company's ability to generate sufficient cash flow depends on future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting its operations, many of which are beyond management's control. Our working capital requirements may also increase in the event we undertake a large number of simultaneous orders in the event of growth in our business.

In certain cases our sales require us to incur significant amounts of working capital on account of contractual terms stipulating payments to be made after delivery and such payments may at times be delayed. Additionally, raw material procurements are against letters of credit in favour of our suppliers to secure our payment obligations, if we are unable to provide sufficient collateral to secure such letters of credit or performance guarantees, our ability to enter into contracts for sales of our products, or obtain adequate raw material supplies may be restricted. As we expand our operations, we will require additional working capital to secure such letters of credit and/or performance guarantees.

Extended working capital cycles, particularly those involving delay in payments from our customers further increase our working capital requirements. Although, our annual sales policy and contracts cap the credit cycle of such dealers, our dealers may take further period to make payments. We may be unable to adequately finance our working capital requirements on account of various factors, including extraneous factors such as increased interest rates, insurance or other costs, or borrowing and lending restrictions, on commercially acceptable terms or at all, which may have a material adverse effect on our business, financial condition, prospects and results of operations.

Our Company is dependent on the continued efforts of our senior management team and the loss of key members or failure to attract skilled personnel may adversely affect our business.

Our future success depends on the continued services and performance of the members of our management team and other key employees. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of the services of key persons in the organization could seriously impair our ability to continue to manage and expand our business. Further, the loss of any other member of our senior management or other key personnel may adversely affect our business and results of operations. We do not maintain 'key man' life insurance for our promoter, senior members of our management team or other key personnel.

The success of our business will also depend on our ability to identify, attract, hire, train, retain and motivate skilled personnel. The loss of their services or those of any other members of senior managerial personnel could impair our ability to implement our strategy and may have a material adverse effect on our business, financial condition and results of operations.

Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

The amount of our future dividend payments, if any, will depend upon various factors including our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements. There can be no assurance that we will be able to declare dividends. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on various factors. Accordingly, realization of a gain on shareholder investments will depend on the appreciation of the price of the Equity Shares. There is no assurance that the Equity Shares will appreciate in value. We cannot assure you that we will be able to pay dividends in the future. For details of dividend paid by our Company in the past, see *"Dividend Policy"* on page 72.

Our Promoter and members of our Promoter Group have significant influence over our operations, which will enable them to influence the outcome of matters submitted to shareholders for approval which may potentially involve conflicts of interest with the other shareholders.

As of December 31, 2016, our Promoter together with members of the Promoter Group beneficially owned approximately 56.70 % of our share capital. Please see section titled *"Principal Shareholders"* on page 144. The Promoter and members of our Promoter Group may be in a position to influence decisions relating to our business and the outcome of matters submitted to shareholders for approval. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as the Promoter and members of our Promoter Group continues to exercise significant control over our Company, it may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders. The Promoter and members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our shareholders do not agree.

We have, in the past, entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.

We have entered into transactions with several related parties in the past. For the fiscal year, March 31, 2016, out of ₹ 75,342.24 lakhs of our revenue from operations on a consolidated basis, ₹ 4,181.59 lakhs is related to transactions with related parties, and for the fiscal year March 31, 2016, out of ₹ 70,483.05 lakhs of our total expenses, ₹ 845.05 lakhs relates to transactions with related parties. For further details on our related party transactions, see *"Financial Statements"* beginning on page 191.

Whilst we believe that all our related party transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Further, the transactions we have entered into, or any future transactions with our related parties, have involved or may potentially involve conflicts of interest. It is likely that we will continue to enter into related party transactions in the future and we cannot assure you that such transactions, individually or in the aggregate, will not adversely affect our financial condition and results of operations.

We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition, results of operations and cash flows.

Our manufacturing activities are labour intensive, which requires our management to undertake significant labour interface, and expose us to the risk of industrial action. As at December 31, 2016, we had about 627 employees and 938 contract labourers. We are also subject to a number of stringent labour laws that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. Our Company has recognized registered labour unions at our manufacturing facilities. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force such as strikes, work stoppages or increased wage demands, which may adversely affect our business.

Activities in our business are subject to risks of mishaps and can cause injury to people or property in certain circumstances. Any such adverse effect may hamper our reputation, business, financial condition and results of operations.

Our production facilities require individuals to work with heavy machinery, chemicals and other materials as well as in high temperatures near our kilns and at potentially dangerous heights at our kilns, grinding mills and storage silos. This work environment has the potential to cause harm and injury when due care is not exercised. Our operations, which include activities undertaken by our third-party contractors, also involve significant risks. An accident or injury that occurs in the course of our operations could result in disruptions to our business and have legal and regulatory consequences and we may be required to compensate such individuals or incur other costs and liabilities, any and all of which could adversely affect our reputation, business, prospects, financial condition and results of operations. While we carry insurance which we believe to be in line with industry practice in the cement industry, there can be no assurance that such policies will provide adequate coverage in the event of a claim.

We have certain contingent liabilities, which if materialize, may adversely affect our financial condition.

As on December 31, 2016, our contingent liabilities aggregate to ₹ 1,492.35 lakhs, details of which are as follows:

(₹ in lakhs)

Particulars	**Amount**
Direct taxes related	28.32
Indirect taxes related	1,259.18
Others	204.85

In the event any of these contingent liabilities materialize, our financial condition may be adversely affected.

A major portion of our assets have been secured under our financing arrangements. A default under any of the financing arrangements may compel the lenders to sell the asset to recover its loan, which may lead to fewer assets available to us to avail further bank facilities, which may affect our financial condition, cash flow and results of operations.

We maintain bank facilities and term loans with domestic banks and other financial institutions, to provide us with general working capital and operational flexibility in connection with our business. As of December 31, 2016, our Company had a total indebtedness of ₹ 21,924.09 lakhs outstanding.

In the event of a default by us on our financing agreements, our charged assets could be seized to recover the loan, leaving us with fewer assets with which to operate our business, adversely affecting our business prospects. This could also result in us having difficulty obtaining further working capital through borrowings from these or other lenders given our lack of substantial additional security capable of being charged and affect financial condition, cash flows and results of operations.

Our operations are subject to varied business risks and our insurance cover may prove inadequate to cover our economic losses.

We maintain insurance for a variety of risks, including risks relating to our buildings, plant and machinery, stocks, goods-in-transit, products, fire etc. We also maintain a group accident policy for our employees. While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. Furthermore, there can be no assurance that we will be able to maintain adequate insurance coverage in the future at acceptable costs. To the extent that we suffer loss or damage for which we do not obtain or maintain insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.

In addition, not all of the risks associated with our business may be insurable, on commercially reasonable terms or at all. Although we believe that we have obtained insurance coverage customary to our business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent that we suffer damage or losses which is not covered by insurance, or exceeds our insurance coverage, the loss would have to be borne by us. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future.

Any failure of our information technology systems could adversely impact our business.

Our day to day operations depend on our information technology systems. We have implemented various information technology and/or enterprise resource planning solutions to cover key areas of our operations, procurement, dispatch and accounting. We also use information technology systems for routine corporate activities such as processing of financial information, managing information pertaining to creditors/ debtors and engaging in normal business activities. Although we believe that we have effective backup systems in place, any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption may affect our ability to plan, track, record and analyze work in progress and sales, process financial information, manage payables and inventory or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, financial condition and results of operations.

We do not own the premises where our Registered Office and godowns are located. Further, the acquisition of land on which our Subsidiary's manufacturing facility situated is pending.

We do not own the premises where our Registered Office is located. We have entered into a lease agreement with S. Vanajatha, Dr. S. Anand Reddy and S. Sreekanth Reddy for our registered office located at Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India, which is valid for a period of 84 months from April 1, 2012 to March 31, 2019. Any failure to renew the lease or procure new premises will increase our costs, force our Company to look for alternative premises and therefore disrupt our business. New premises may not be available or may be available at higher prices or on commercially less favourable terms. Any or all of these factors may have an adverse effect upon our business.

Further, all our branch offices, godowns and warehouses are leased. Such leases are typically for a period of twelve to twenty four months. Although we have renewed the majority of our leases in the past, our business and results of operation could be adversely affected if we are unable to negotiate favorable lease renewal terms for our existing branch offices, godowns and warehouses. For some of our godowns, we have not entered into binding written agreements for use of such properties. If we are unable to renew certain or all of these leases on commercially reasonable terms or secure enforceable rights to use of our godowns, we may suffer a disruption in our operations or be unable to continue to operate from those locations in the future.

Further, our Subsidiary, BMM Cements Limited entered into an agreement of sale dated September 17, 2009 with Andhra Pradesh Industrial Infrastructure Corporation Limited ("**APIIC**"), for land admeasuring 483.41 acres situated at Industrial Park, Gudipadu Yadaki Mandal, Anantapur ("**Land**"). Pursuant to a sale deed dated February 2, 2011, APIIC has transferred a part of the Land to BMM Cements Limited measuring 5.39 acres. However, BMM Cements Limited has not entered in the sale deed for transfer of remaining part of the Land. The effect of non-registration of the sale deed is that the document is not admissible as evidence in legal proceedings, and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for non-registration. In the event of any dispute arising in relation to the Land, we may not be able to effectively enforce our rights arising out of such sale deed which may have an adverse impact on the business and operations of our Company.

Some of our Company's records relating to certain filings made with the registrar of companies by our Company are not traceable or incorrectly filed. If the RoC imposes any penalty or take any action against us, it may have an adverse effect on our operations and financial condition.

We are unable to trace certain corporate records being copies of certain filings made by us with the Registrar of Companies, Hyderabad. These filings include, inter alia, certain filings made with the registrar of companies in relation to certain changes to its paid-up share capital, allotments of equity shares, etc. since incorporation of our Company until March 1, 1993. While we believe that these forms were duly filed with the registrar of companies, it has been unable to obtain copies of these documents, including from the registrar of companies.

Since copies of these are unavailable with us, we cannot assure you that these forms or reports were duly filed on a timely basis, or at all. We cannot assure you that records of these forms will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect. In relation to the allotment of equity shares of the Company on July 12, 2011 made pursuant to the scheme of arrangement sanctioned by the High Court of Andhra Pradesh, the nature of consideration has been mentioned as 'cash' instead of 'other than cash' in the form filed with the RoC. We may be subject to penalty which the RoC may impose.

External Risk Factors

The Indian cement industry is cyclical and is affected by a number of factors beyond our control.

The Indian cement industry is cyclical in nature. In recent years, cement prices and profitability of cement manufacturers have fluctuated significantly in India, depending upon overall supply and demand. A number of factors influence supply and demand for cement, including production overcapacity, general economic conditions, in particular activity levels in certain key sectors such as housing and construction, our competitors' actions and local, state and central government policies, which in turn affect the prices and margins we and other Indian cement manufacturers can realize. Excess production capacity in the market has been one of the major factors influencing cyclicality in the Indian cement market. Such excess capacity in cement production has in the past had a direct impact on the price at which we can sell our cement and the margins we realize. The long lead time required to add or expand capacity in the cement industry has also led to supply/demand imbalances. The long lead time makes it more difficult for Indian cement companies to time the commencement of new production facilities at a time when demand out-balances supply. To the extent it does, our business and results of operations may be materially and adversely impacted.

Our Company has transitioned in Indian Accounting Standards ("Ind-AS") and has started preparing its financial statements, from the period beginning April 1, 2016, under Ind-AS. The transition to Ind-AS in India may adversely affect us.

The Ministry of Corporate Affairs ("**MCA**") notified the "Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 (the "**IAS Rules**"). The IAS Rules provide that the financial statements of the companies to which they apply (as more specifically described below) shall be prepared and audited in accordance with Indian

Accounting Standards ("**Ind-AS**"). The IAS Rules prescribe that any company having a net worth of more than ` 50,000 lakhs, and any holding company, subsidiaries, joint venture or an associate company of such company, would have to mandatorily adopt Ind-AS for the accounting period beginning from April 1, 2016 with comparatives for the period ending March 31, 2016. The IAS Rules, also state that any company may voluntarily implement Ind-AS for the accounting period beginning from April 1, 2015. Our Company has adopted Ind-AS for the accounting period beginning from April 1, 2016 and has published unaudited financial results for the quarters and nine months period ended December 31, 2016. There is a possibility that these unaudited financial results may require adjustment before constituting the final Ind AS financial statements as of and for the year ending March 31, 2017 due to change in financial reporting requirements arising from new or revised standards or interpretations issued by MCA/ICAI or changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS as permitted under Ind AS 101.

If terrorist attacks or social unrest in India increases, our business could be adversely affected and the trading price of our Equity Shares could decrease.

India has from time to time experienced instances of civil unrest and terrorist attacks. These events could lead to political or economic instability in India and may adversely affect the Indian economy, our business, financial condition, results of operations and the trading price of our Equity Shares. India has also experienced social unrest, naxalite violence and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, financial condition, results of operations and the trading price of our Equity Shares.

Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. The business and the market price and liquidity of the Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The Government of India has in recent years sought to implement economic reforms and the current government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous governments. There can be no assurance that liberalization policies will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in the securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

After this Issue, the price of our Equity Shares may be volatile.

The Issue Price will be determined by us in consultation with the BRLMs, based on Bids received in compliance with Chapter VIII of the ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. Due to which the market value of an investor's investment may fluctuate

In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the

Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

Changes in legislation or the rules relating to tax regimes could adversely affect our business, prospects, cash flows and results of operations.

The tax scheme in India is extensive and subject to change from time to time and any adverse changes in any of the taxes levied by the Central or State Governments could adversely affect our competitive position and profitability The Government of India has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Although the legislative bill has been passed by both houses of Parliament and has also received the assent of the President of India after ratification by more than half of the States, we are unable to provide any assurance as to the exact date of when GST is to be introduced or any other aspect of the tax regime following implementation of the GST. Further, any disagreements between certain State Governments may also create further uncertainty towards the implementation of the GST.

Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Further, the General Anti Avoidance Rules ("**GAAR**") is proposed to be effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us. We have not determined the impact of such proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us, our directors or executive officers.

We are a limited liability company incorporated under the laws of India. Majority of our directors, senior management personnel and executive officers of our Company are residents of India and a substantial portion of the assets of such persons are located in India. Further, all assets of our Company are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except: (a) where it has not been pronounced by a court of competent jurisdiction; (b) where it has not been given on the merits of the case; (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained are opposed to natural justice; (e) where it has been obtained by fraud; and (f) where it sustains a claim founded on a breach of any law in force in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

The market value of the Equity Shares may fluctuate due to the volatility of the Indian securities markets.

Indian securities markets may be more volatile than, and not comparable to, the securities markets in certain countries with more developed economies and capital markets than India. Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges (including the BSE and the NSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

Any future issuance of Equity Shares may dilute the shareholding of investors and any future sales of Equity Shares by our major shareholders may adversely affect the trading price of the Equity Shares.

The future issuance of Equity Shares by our Company, or the disposal of Equity Shares by any of our major shareholders, including by the Promoter, or if we pledge of our Equity Shares as security and are seeking to enforce such security, or the perception that such issuance or sales may occur, may significantly affect the trading price of the Equity Shares. Except for the restrictions described in the sections *"Placement" and "Description of the Shares"*, there is no restriction on our ability to issue Equity Shares or the ability of any of our shareholders to dispose of, pledge or otherwise encumber their Equity Shares, and there can be no assurance that we will not issue Equity Shares or that our shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. Future issuances of Equity Shares may dilute the shareholding of the investors and may adversely affect the trading price of the Equity Shares. Subject to applicable law, such securities may also be issued at prices below the then market price of the Equity Shares.

Our business and activities are regulated by the Competition Act, 2002.

The Competition Act, 2002, as amended (the "**Competition Act**") seeks to prevent practices that could have an appreciable adverse effect on competition. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may attract substantial penalties. Any agreement among competitors, or practice or decision in relation to, enterprises or persons engaged in identical or similar trade of goods or provision of services which directly or indirectly determines purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares markets or source of production or provision of services by way of allocation of geographical area, types of goods or services or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits the abuse of a dominant position by any enterprise. Provisions of the Competition Act relating to acquisitions, mergers or amalgamations of enterprises that meet certain asset or turnover thresholds and regulations issued by the Competition Commission of India with respect to notification requirements for such combinations became effective in June 2011.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, any enforcement proceedings initiated by the Competition Commission of India, any other relevant authority under the Competition Act, any claim by any party under the Competition Act or any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission of India, our business and financial performance may be materially and adversely affected. Further the Competition Commission of India has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage.

A slowdown in economic growth in India could cause our business to suffer.

In the few years prior to Fiscal Year 2015, India's economy experienced a slowdown in economic growth and high inflation due to a variety of factors, including unsustainably high current account deficits, capital outflows and consequent exchange rate pressures. Despite the recent signs of an economic turnaround in the Indian economy, there is no assurance that growth will not slow down again or that inflation will not further increase in the future. A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. In periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations. Inflation may also have a bearing on the overall interest rates, which may adversely affect our net interest income.

Further, in light of the increasing linkage of the Indian economy to other global economies, the Indian economy will be increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States and other countries in the developed world and a slowdown in economic growth in major emerging markets like China could have an adverse impact on economic growth in India. A slowdown in the pace of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, our financial performance, our ability to implement our strategy and the trading price of the Equity Shares.

Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of the Equity Shares, independent of our operating results.

The Equity Shares are quoted in Rupees on the BSE and NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than across a recognized Indian stock exchange for a period of 12 months from the date of the issue of the Equity Shares.

Pursuant to the ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares in this Issue, QIBs subscribing to the Equity Shares may only sell their Equity Shares on the recognized stock exchange and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

Your ability to sell Equity Shares that you acquire in this Issue is restricted by the transfer restrictions set forth in this Preliminary Placement Document.

No actions have been taken by the Company in order to permit a public offering of the Equity Shares in any jurisdiction including India. The Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in this Preliminary Placement Document under the section “Distribution and Solicitation Restrictions” and “Transfer Restrictions”. We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if STT has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. See subsection titled *"Taxation—Statement of Possible Tax Benefits"* beginning on page 180.

SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by recognized stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker, and may change it without our knowledge from time to time. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the foreign exchange regulations currently in force in India, transfers of the Equity Shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of the Equity Shares does not comply with such pricing guidelines or reporting requirements, or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authorities. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Applicants to the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In terms of the Regulations 86 of the ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of the Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant could take approximately seven days and up to ten days from the Bid/Issue Closing Date. There is no assurance, however, that material adverse changes in the national and international monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence.

Any downgrading of India's sovereign debt rating by a credit rating agency may adversely affect our ability to raise financing on terms commercially acceptable to us.

Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact our ability to raise financing, and the interest rates and other commercial terms at which such financing is available. This may have an adverse effect on our business, financial condition and results of operations, and the price of our Equity Shares.

Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade by the Stock Exchanges.

Our Company has received the in-principle approvals under Regulation 28(1) of the Listing Regulations from the Stock Exchanges and application for final listing and trading approval shall be made post allotment of the Equity Shares. Investors can start trading the Equity Shares allotted to them only after the Equity Shares have been credited to an investor's demat account, are listed and permitted to trade by the Stock Exchanges. Since our Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading of the Equity Shares will commence in a timely manner.

There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on the Stock Exchanges in a timely manner.

In accordance with Indian law and regulations and the requirements of the Stock Exchanges, in principle and final approvals for listing and trading of the Equity Shares issued pursuant to this Issue will not be applied for or granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Equity Shares to be submitted. Accordingly, there could be a failure or delay in listing the Equity Shares on the Stock Exchange. If there is a delay in obtaining such approvals, we may not be able to credit the Equity Shares allotted to the investors to their depository participant accounts or assure ownership of such Equity Shares by the investors in any manner promptly after the Closing Date. In any such event, the ownership of the investors over Equity Shares allotted to them and their ability to dispose of any such Equity Shares may be restricted. For further information on issue procedure, see "***Issue Procedure***" beginning on page 147.

Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution.

However, if the law of the jurisdiction that you are in, does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise preemptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

MARKET PRICE INFORMATION

Our Equity Shares are listed and traded on BSE and NSE. The stock market data presented below is given for the BSE and the NSE separately. As on the date of this Preliminary Placement Document, the subscribed and paid-up Equity Share capital of our Company is 1,80,00,000 Equity Shares of ₹ 10 each.

1) The following tables set forth the reported high, low, the number of Equity Shares traded and the total trading volume on the dates on which such high and low prices were recorded and the average closing prices of the Equity Shares, on the BSE and the NSE during the Fiscal Years 2016, 2015 and 2014.

NSE

Fiscal Year	High (₹)(1)	Date of High	No of Equity Shares traded on date of high	Volume on date of high (₹ in lakhs)	Low (₹)(2)	Date of low	No of Equity Shares trade on date of low	Volume on date of low (₹ in lakhs)	Average price *(₹)	Total No of Equity Shares traded	Total Volume (₹ in lakhs)
2016	470.75	January 5, 2016	39,421	183.88	303.40	April 7, 2015	1,314	4.02	393.94	13,98,052	5,862.29
2015	394.10	September 12, 2014	15,802	62.10	157.00	April 3, 2014	95	0.15	305.52	9,35,145	3,191.66
2014	240.00	August 30, 2013	1,003	2.40	134.10	February 19, 2014	308	0.42	182.89	1,25,864	237.71

Source: www.nseindia.com
** Average of the daily closing price*
(1) High of Intraday Highs. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low of Intraday Lows. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

BSE

Fiscal Year	High (₹)(1)	Date of High	No of Equity Shares traded on date of high	Volume on date of high (₹ in lakhs)	Low (₹)(2)	Date of low	No of Equity Shares trade on date of low	Volume on date of high (₹ in lakhs)	Average price *(₹)	Total No of Equity Shares traded	Total Volume (₹ in lakhs)
2016	471.70	January 5, 2016	12,101	56.58	299.90	April 1, 2015	461	1.38	394.34	12,97,213	4,876.09
2015	386.15	September 15, 2014	285	1.12	156.05	April 7, 2014	543	0.85	303.51	2,32,992	732.73
2014	239.30	April 1, 2013	363	0.86	134.60	February 18, 2014	434	0.59	181.99	6,70,563	1,160.64

Source: www.bseindia.com
** Average of the daily closing price*
(1) High of Intraday Highs. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low of Intraday Lows. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

(ii) The following tables set forth the reported high, low, the number of Equity Shares traded and the total trading volume on the dates on which such high and low prices were recorded and the average closing prices of the Equity Shares, on the NSE and the BSE during the last six months:

NSE

Month Year	High (₹)(1)	Date of high	Number of Equity Shares traded on date of high	Volume on date of high (₹ in lakhs)	Low (₹)(2	Date of low	No of Equity Shares traded on date of low	Volume on date of low (₹ in lakhs)	Average price for the Month * (₹)	Total No. of Equity Shares traded	Total volume (₹ in lakhs
January, 2017	730.00	January 6, 2017	1,02,495	716.42	623.30	January 3, 2017	4,464	28.54	682.96	2,13,547	1,485.34

Month Year	High (₹)(1)	Date of high	Number of Equity Shares traded on date of high	Volume on date of high (₹ in lakhs)	Low (₹)(2	Date of low	No of Equity Shares traded on date of low	Volume on date of low (₹ in lakhs)	Average price for the Month * (₹)	Total No. of Equity Shares traded	Total volume (₹ in lakhs
December, 2016	714.00	December 6, 2016	38,971	270.07	610.00	December 27, 2016	2,707	16.96	646.86	2,35,063	1592.57
November 2016	729.75	November 7, 2016	2,671	723.48	585.50	November 9, 2016	42,742	278.92	663.05	5,07,182	3,493.74
October 2016	801.75	October 14, 2016	16,246	132.23	728.25	October 30, 2016	1,838	13.43	761.82	2,61,179	1,978.03
September 2016	695.80	September 27, 2016	18,969	131.22	608.20	September 9, 2016	7,467	45.82	647.69	3,50,353	2,287.67
August 2016	647.00	August 26, 2016	6,812	44.23	591.20	August 11, 2016	4,400	26.25	621.65	2,56,617	1,612.46

Source: www.nseindia.com
** Average of the daily closing price*
(1) High of Intraday Highs. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low of Intraday Lows. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

BSE

Month Year	High (₹)(1)	Date of high	Number of Equity Shares traded on date of high	Volume on date of high (₹ in lakhs)	Low (₹)(2	Date of low	No of Equity Shares traded on date of low	Volume on date of low (₹ in lakhs)	Average price for the Month * (₹)	Total No. of Equity Shares traded	Total volume (₹ in lakhs
January, 2017	728.80	January 6, 2017	2,147	195.35	624.30	January 2, 2017	1,132	7.21	681.27	1,11,046	785.72
December, 2016	715.60	December 6, 2016	10,688	74.10	605.05	December 23, 2016	893.00	5.51	645.46	78,120	523.79
November 2016	723.95	November 1, 2016	726	52.80	592.80	November 21, 2016	2,026	12.26	659.62	1,18,496	825.40
October 2016	800.45	October 10, 2016	14,860	117.49	720.00	October 30, 2016	222	1.60	760.54	87,505	666.46
September 2016	695.10	September 27, 2016	6,579	45.54	605.65	September 12, 2016	2,017	12.33	645.71	1,01,157	674.88
August 2016	650.20	August 26, 2016	812	5.29	584.40	August 11, 2016	1,911	11.27	619.98	66,323	415.11

Source: www.bseindia.com
** Average of the daily closing price*
(1) High of Intraday Highs. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low of Intraday Lows. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

(iii) The following table sets forth the market price on the Stock Exchanges on October 27, 2016, the first working day following the approval of the Board of Directors for the Issue:

Date	NSE				BSE			
October 27, 2016	Open	High	Low	Close	Open	High	Low	Close
Price of the Equity Shares (₹)	744.00	765.80	720.10	735.10	747.80	764.00	720.00	735.05
Volume (No. of Equity Shares)	9,000				1,227			
Number of Equity Shares traded (₹ in lakhs)	65.94				117			

Source: www.nseindia.com and www.bseindia.com

USE OF PROCEEDS

The gross proceeds from the Issue will be ₹ [●] lakhs. The net proceeds from the Issue after deducting fees, commissions and expenses of approximately ₹ [●] lakhs, will be approximately ₹ [●] lakhs. ("**Net Proceeds**")

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds primarily for setting-up of a 15 MW coal based captive power plant at our Mattampally unit and for increasing the capacity of our grinding unit, general corporate purposes and any other purposes as may be permissible under applicable law.

We have not yet determined all of our expected expenditures, and we cannot estimate the amounts to be used for the purposes set forth above. In accordance with the decision of the Board of Directors, our Company's management will have the flexibility in deploying the Net Proceeds.

Pending utilisation of the Net Proceeds for the purposes described above, our Company intends to temporarily invest the funds in bank deposits, high quality interest/dividend bearing liquid instruments, including money market mutual funds, as approved by the Board in accordance with the investment policy and applicable laws.

Our Promoter or Directors are not making any contribution either as part of the Issue or separately in furtherance of the proceeds of the Issue.

CAPITALIZATION STATEMENT

Our authorized capital is ₹ 2,200.00 lakhs consisting of 2,20,00,000 Equity Shares of ₹ 10 each. Prior to the Issue, the issued, subscribed and paid-up share capital of our Company is ₹ 1,800.00 lakhs comprising of 1,80,00,000 Equity Shares of ₹ 10 each. For further details please see section "*Capital Structure*" beginning on page 70.

The following table sets forth our Company's capitalisation and total debt as on March 31, 2016, based on the Audited Consolidated Financial Statements and the audited standalone financial statements, and as adjusted to reflect the receipt of the proceeds of this Issue and the application thereof.

This capitalization table should be read with the section "*Management's discussion and analysis of financial condition and results of operations*" and other financial information contained in the section "*Financial Statements*" beginning on page 73 and 191 respectively.

Details based on Standalone Financial Statements of the Company

(₹ in lakhs)

S. No	PARTICULARS	Pre-Issue		Post Issue
		As at March 31, 2016 (Refer Notes-1, 3, 4 below)	Increase due to the Issue	Amount after considering the Issue (Refer Notes-2, 3,4 below)
		A	B	C (A+B)
I	**Borrowings:**			
	Short-term borrowings	6,912.65	-	6,912.65
	Long-term borrowings	10,565.26	-	10,565.26
	Add: Current maturities of long-term borrowings	2,032.44	-	2,032.44
	Total borrowings - a	**19,510.35**	-	**19,510.35**
II	**Shareholders' fund**			
	Share capital	1,738.80	[●]*	[●]*
	Reserves and Surplus	53,589.01	[●]*	[●]*
	Total shareholders' funds - b	**55,327.81**	-	-
III	**Total borrowings / shareholders' funds - a/b**	**0.35**	[●]*	[●]*
IV	**Long-term borrowings / shareholders' funds**	**0.19**	**[●]***	**[●]***

Note:

1) Amounts are as per standalone audited financial statements of the Company as at and for the year ended March 31, 2016.

2) The figures included under Post Issue column relating to the shareholders' funds are derived after considering the impact due to the issue of equity shares only through the qualified institutional placement assuming that the issue will be fully subscribed and does not include any other movements or issue related expenses or any other transactions affecting the above balances after March 31, 2016. This also implies that the preferential allotment of 611,986 equity shares of Rs. 10 each at a premium of Rs. 790 per share aggregating Rs. 4,895.88 lakhs made by the Company on December 07, 2016 is not included in the Share Capital and Reserves and Surplus in the above statement.

3) The standalone and consolidated financial statements of the Company were prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), *as applicable.*

4) The Company implemented Indian Accounting Standards ('Ind AS') as notified under the Companies (Indian Accounting Standards) Rules, 2015 for accounting periods commencing on or after April 1, 2016 with transition date as April 1, 2015 ('the transition date'). As the above figures are as per the audited financial statements of the Company for the year ended March 31, 2016, they do not contain the effects of the Ind AS 101 adjustments as of the transition date and thereafter.

Details based on Standalone Financial Statements of the Company

(₹ in lakhs)

S. No	PARTICULARS	Pre-Issue As at March 31, 2016 (Refer Notes-1, 3, 4 below)	Increase due to the Issue	Post Issue Amount after considering the Issue (Refer Notes-2, 3,4 below)
		A	B	C (A+B)
I	**Borrowings:**			
	Short-term borrowings	8,698.97	-	8,698.97
	Long-term borrowings	29,535.26	-	29,535.26
	Add: Current maturities of long term borrowings	5,192.44	-	5,192.44
	Total borrowings - a	**43,426.67**	-	**43,426.67**
II	**Shareholders' funds**			
	Share capital	1,738.80	[●]*	[●]*
	Reserves and Surplus	53,223.55	[●]*	[●]*
	Total shareholders' funds - b	**54,962.35**	**-**	**-**
III	**Total borrowings / shareholders' funds - a/b**	**0.79**	[●]*	[●]*
IV	**Long-term borrowings / shareholders' funds**	**0.54**	**[●]***	**[●]***

Note:

1) Amounts are as per audited consolidated financial statements of the Company as at and for the year ended March 31, 2016

2) The figures included under Post Issue column relating to the shareholder's funds are derived after considering the impact due to the issue of equity shares only through the qualified institutional placement assuming that the issue will be fully subscribed and does not include any other movements or issue related expenses or any other transactions affecting the above balances after March 31, 2016. This also implies that the preferential allotment of 611,986 equity shares of Rs. 10 each at a premium of Rs. 790 per share aggregating Rs. 4,895.88 lakhs made by the Company on December 07, 2016 is not included in the Share Capital and Reserves and Surplus in the above statement.

3) The standalone and consolidated financial statements of the Company were prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.

4) The Company implemented Indian Accounting Standards ('Ind AS') as notified under the Companies (Indian Accounting Standards) Rules, 2015 for accounting periods commencing on or after April 1, 2016 with transition date as April 1, 2015 ('the transition date'). As the above figures are as per the audited financial statements of the

Company for the year ended March 31, 2016, they do not contain the effects of the Ind AS 101 adjustments as of the transition date and thereafter.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Preliminary Placement Document is set forth below:

No.	Particulars	Amount (In ₹ lakhs) Aggregate nominal value
A.	**Authorised Share Capital**	
	2,20,00,000 Equity Shares of ₹ 10 each	2,200.00
B.	**Issued, Subscribed and Paid-Up Share Capital before the Issue**	
	1,80,00,000 Equity Shares of ₹ 10 each	1,800.00
C.	**Present Issue in terms of this Preliminary Placement Document**[(a)]	
	Issue of [●] Equity Shares of ₹ 10 each	[●]
D.	**Issued, Subscribed and Paid-Up Share Capital after the Issue**	
	[●] Equity Shares of ₹ 10 each	[●]
E.	**Securities Premium Account**	
	Before the Issue	15,337.75
	After the Issue	[●]

Notes:

a. The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on October 26, 2016 and by the shareholders of our Company vide a special resolution passed pursuant to sections 42 and 62(1)(c) of the Companies Act at the EGM held on November 23, 2016.

NOTES TO THE CAPITAL STRUCTURE

1. History of Equity Share Capital of our Company

Date of Allotment / Fully Paid-up	No. of Equity Shares allotted	Face value (₹)	Issue Price(₹)	Nature of consideration	Nature of Allotment
January 23, 1981	5,100	10	10.00	Cash	Subscription to Memorandum of Association dated January 7, 1981
June 28, 1984	8,44,900	10	10.00	Cash	Allotment on preferential basis
September 4, 1984	1,40,000	10	10.00	Cash	Allotment on preferential basis
November 24, 1984	3,30,000	10	10.00	Cash	Allotment on preferential basis
November 24, 1984	15,30,000	10	10.00	Cash	Initial Public Offering
December 19, 1990	400	10	NA	Other than cash	Allotment of Equity Shares pursuant to the Scheme of Arrangement*
March 1, 1993	53,01,900	10	20.00	Cash	Conversion of fully convertible debenture into Equity Shares
July 9, 2001	30,00,000	10	10.00	Cash	Allotment on preferential basis
March 9, 2007	5,50,000	10	82.00	Cash	Conversion of warrants into Equity Shares
March 15, 2007	10,00,000	10	190.00	Cash	Allotment on preferential basis
July 30, 2007	3,67,432	10	82.00	Cash	Conversion of warrants into Equity Shares
October 25, 2007	2,67,568	10	82.00	Cash	Conversion of warrants into

Date of Allotment / Fully Paid-up	No. of Equity Shares allotted	Face value (₹)	Issue Price(₹)	Nature of consideration	Nature of Allotment
					Equity Shares
April 10, 2008	6,65,000	10	82.00	Cash	Conversion of warrants into Equity Shares
August 6, 2008	10,00,000	10	700.00	Cash	Allotment on preferential basis
May 20, 2011	(9,00,000)	NA	NA	NA	Extinguishment of Equity Shares pursuant to the Scheme of Arrangement**
July 12, 2011	32,85,714	10	NA	Other than cash	Allotment of Equity Shares pursuant to the Scheme of Arrangement***
December 7, 2016	6,11,986	10	790	Cash	Allotment on preferential basis

** The Equity Shares were allotted pursuant to the scheme of amalgamation of Sagar Laticrete Systems Limited with Sagar Cements Limited approved by High Court of Andhra Pradesh by its order dated August 6, 1990.*
*** Extinguishment of Equity Shares of Amareswari Cements Limited pursuant to the Scheme of Arrangement between Amareswari Cements Limited and Sagar Cements Limited and their respective shareholders approved by High Court of Andhra Pradesh by its order dated April 27, 2011.*
**** The Equity Shares were allotted pursuant to the Scheme of Arrangement between Amareswari Cements Limited and Sagar Cements Limited and their respective shareholders approved by the High Court of Andhra Pradesh by its order dated April 27, 2011. The Form -2 filed with the RoC in this respect reflects the nature of consideration as 'cash' instead of 'other than cash'. Please refer to risk factor titled 'Some of our Company's records relating to certain filings made with the registrar of companies by our Company are not traceable or incorrectly filed.' on page 57 of this Preliminary Placement Document.*

2. Equity Shares issued for consideration other than cash by our Company

In the last one year preceding the date of this Preliminary Placement Document, our Company has not issued any Equity Shares for consideration other than cash.

DIVIDEND POLICY

The declaration and payment of dividend by our Company is governed by the applicable provisions of the Companies Act and our Articles of Association. Under the Companies Act, the board of directors of a company recommends the payment of a dividend and the shareholders approve of the same at a general meeting. In case of final dividend, it is recommended by the board of directors and approved by the shareholders at the annual general meeting (AGM) and is distributed and paid to shareholders in proportion to the paid-up value of their shares as on the record date for which such dividend is payable. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owner in the record of the depositary on the date specified as the 'record date' or 'book closure date'. Under the Companies Act, a company may pay dividends only out of (i) its profits in the year in which the dividend is declared (after providing for depreciation); or (ii) out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government; or (iii) accumulated profits earned by the company in the previous years and transferred by the company to the reserves in accordance with the Companies (Declaration and Payment of Dividend) Rules, 2014.

Our Company declare the dividend at the annual general meeting of the shareholders, based on the recommendation of the Board of Directors. Such recommendation is made by the Board, taking into account *inter-alia*, our Company's performance during the year under review, future expansion plans, funds requirements, liquidity position and regulatory requirements.

The following table details the dividend declared by our Company on a standalone basis on the Equity Shares for the Fiscal Year 2016, 2015 and 2014:

Fiscal Year	**Dividend per Equity Share (₹)**	**Amount of dividend declared exclusive of tax (₹ in lakhs)**	**Dividend tax (₹ in lakhs)**	**Total amount of dividend (₹ in lakhs)**	**Rate of dividend (in %)**
2016	5.00	869.40	176.99	1,046.39	50.00%
2015	7.50	1,304.10	262.37	1,566.47	75.00%
2014	-		-	-	-

For a summary of certain Indian tax consequences of dividend distributions to shareholders, please see section *"Taxation"* beginning on page 180.

Further, the amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. Our Company has no formal dividend policy.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read this discussion and analysis of our financial condition and results of operations in conjunction with our Audited Financial Statements as of and for the Fiscals 2014, 2015 and 2016 prepared under Indian GAAP, included in "Financial Statements". Our Company's Fiscal ends on March 31 of each year. Accordingly, all references to a particular fiscal are to the 12 month period ended March 31 of that year. Due to regrouping, recasting and rearrangement of the financial statements of Fiscal Year 2014 as appearing in the audited financial statements of the Fiscal Year 2015, the figures are not comparable, hence, the year-on-year comparison between these fiscal years have not been provided. However, the discussion and analysis in respect of the Fiscal Year 2014 has been provided below. You should also read the section titled "Risk Factors" at page 44 of this Preliminary Placement Document, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

Our historical financial statements were prepared under Indian GAAP, and as required under applicable regulations in India, we have adopted Indian Accounting Standards (Ind-AS) with effect from April 1, 2016 with a transition date of April 1, 2015. Accordingly, our Audited Financial Statements included in this Preliminary Placement Document have been prepared in accordance with the Companies Act, 2013, and Indian GAAP, while our Unaudited Financial Results included in this Preliminary Placement Document have been prepared and presented in accordance with Ind-AS 34. Unless otherwise stated, all references relating to Fiscals 2014, 2015 and 2016 is to our financial statements prepared in accordance with Indian GAAP, whereas all references relating to nine months period ended December 31, 2016 is to our financial statements prepared and presented in this Preliminary Placement Document in accordance with Ind-AS 34. Accounting policies and principles under Ind-AS differ in certain material respects from Indian GAAP. In addition, Indian GAAP and Ind-AS also differ in certain material respects from U.S. GAAP and IFRS. For certain qualitative information on the differences between Indian GAAP and Ind-AS, see "Significant Differences between Indian GAAP and Ind-AS" on page number 91. The Audited Financial Statements and the Unaudited Financial Results are therefore not comparable. We have in this Preliminary Placement Document presented certain information on reconciliation between Indian GAAP and Ind-AS, see "Financial Statements – Unaudited Condensed Financial Statements – Explanation of transition to Ind-AS" on page F-102. Investors are advised to avail independent financial and accounting advice to analyse the impact of the application of Ind-AS to the preparation and presentation of our financial statements. We cannot assure you that we have completed a comprehensive analysis of the effect of Ind-AS on our future financial information or that the application of Ind-AS will not result in a materially adverse effect on our future financial information.

This discussion contains certain forward-looking statements and reflects our current assessment of potential events in the future, and our future financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors", "Forward Looking Statements", "Our Business" and elsewhere in this Preliminary Placement Document. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward looking statements.

Unless otherwise mentioned, the references to the financial information in this chapter is based on standalone basis.

Overview

We are one of the prominent mid-sized cement manufacturers of India focused on the key markets in southern India and Maharashtra in western India. We are one of the leading players in southern India having market presence in the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. Our Company owns and operates its integrated unit for production of cement located at Mattampally, Nalgonda district, Telangana and a grinding unit situated at Bayyavaram, Andhra Pradesh. Our wholly owned subsidiary, BMM, owns and operates its integrated unit for production of cement located at Gudipadu, Anantapur district, Andhra Pradesh.

Our Company commenced its cement manufacturing operations in the year 1985 with an installed capacity of 66,000 TPA with one production plant by setting up a dry process mini cement plant with single stream 200 TPD dry process rotary kiln and suspension pre-heater having an overall installed capacity of 66,000 TPA of ordinary portland cement. Our Company's installed capacity has since increased to 3.2 million MTPA and an increase in our clinker capacity from 66,000 TPA in 1982 to 2.80 million MTPA presently. Our Company manufactures the following varieties of cement, namely, ordinary portland cement ("**OPC**") of 53 grade, 43 grade, portland pozzalona cement ("**PPC**"), sulphate resistant cement ("**SRC**") and portland slag cement ("**PSC**"). Presently, we manufacture Ordinary Portland Cement (OPC), Pozzolanic Portland Cement (PPC) and Sulphate Resisting Portland Cement (SRC) through our facilities at Mattampally and Gudipadu. We have commenced production of PSC pursuant to our acquisition of the Bayyavaram unit. Our facilities have a total installed capacity of 4.2 million MTPA and captive limestone reserves and resources of approximately 900 million tonnes. We have been in the business of cement manufacturing for over three decades and earned brand recognition for consistent product quality, customer satisfaction and marketing network. During Fiscal 2016, our Company acquired BMM Cements Limited which operates its sole cement production unit at Gudipadu having an installed capacity of 1 million MTPA and 25MW gross captive power plant that not only complimented our existing business profile (including freight optimization) but also increased our share of revenues from Tamil Nadu and Karnataka. Additionally, our Mattampally unit has railway sidings at the production site that enables it to access the railway network directly and reduces our transportation costs. We have an extensive distribution network comprising of over 1,950 dealers, distribution agents and consignment agents.

Our Company's products are marketed under the 'Sagar Cement' brand name. We sell our products primarily to purchasers located in south India, viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala and other regions of India including Maharashtra and Orissa.

Our Company and our Subsidiary are certified as ISO 9001:2008 for conforming to the quality management system standard, ISO 14001:2004 for conforming to the environmental management system standard and OHSAS 18001:2007 for conforming to the occupational health and safety management system standard for manufacture of clinker and cement. All our products comply with the quality standards specified by the Bureau of Indian Standards ("**BIS**"). Our testing laboratory at our Mattampally unit is NABL certified.

Our Company is led by a first generation entrepreneur Mr. Sammidi Veera Reddy under whose leadership our total revenues has grown, on a standalone basis, from ₹ 1,828.60 lakhs in Fiscal 1992, when he was appointed as the Managing Director, to ₹ 64,999.85 lakhs in Fiscal 2016.

Our Company operates an integrated cement manufacturing facility at Mattampally in the Nalgonda District, Telangana, which is located approximately 220 kilometres from Hyderabad, Telangana. Nalgonda District is a repository of high-quality limestone which is an essential raw material for the manufacture of cement. We presently operate two limestone mines situated near our Mattampally unit, and one limestone mine situated near our Gudipadu unit through BMM, having an aggregate resources and reserves of approximately 326 million tonnes. In addition, we are in the process of obtaining the necessary approvals for additional limestone mining near our Mattampally unit, which will increase our available total resources and reserves to approximately 900 million tonnes].

Our production units at Mattampally and Gudipadu each consist of a six stage pre-heater and pre-calciner. All our production units are fully automated having end–to–end monitoring capabilities. Our integrated cement production unit at Mattampally is also equipped with a fully automated, robotic based laboratory for quality control. Our production units at Mattampally and Gudipadu are equipped with emission control systems such as reverse air-bag house (RABH), electrostatic precipitator and dust collectors to minimize pollution and to provide a dust-free environment at our manufacturing units.

Our production units are well connected by road and rail, with each of our cement units connected to both the national highway and the national railway networks. The Mattampally unit has railway sidings at the production site that enable it to access the railway directly and reduces our transportation costs. Our Gudipadu unit is located only approximately 10 kilometres away from the nearest railway station. We believe we have a well-developed distribution network for cement in the regional markets that we presently operate in, complemented by about 55 godowns and more than 1,950 dealers, distribution agents and consignment agents.

We believe that the cement-grade quality limestone reserves which we have access to are suitable for production of cement products. Our limestone mines are located at Mattampally, Telangana and Gudipadu, Andhra Pradesh.

Our key strategies are focused on cost savings and expanding our product portfolio. Pursuant to our strategies to reduce the manufacturing expense, we are in the process of setting up a 6MW gross capacity wastage heat recovery captive power plant and plan to set up a 15MW gross capacity coal based captive power plant at our existing production facility at Mattampally. The power projects are expected to provide us access to 21 MW of gross captive power sources which we believe will provide us with power equivalent to approximately 75% of our requirements at our Mattampally unit. We believe that the proposed power generation unit will enable us to generate power at cost that is expected to be lower than our current cost, and enable us to compete more effectively.

In addition, we have recently expanded our product portfolio by introducing production of PSC consequently expanding our presence in additional regional markets. Our acquisition of the grinding unit at Bayyavaram, Andhra Pradesh has led to introduction of PSC to our product portfolio. For further information in relation to the acquisition of the grinding unit at Bayyavaram and on the captive power plant we plan to setup at our Mattampally unit, please refer to the section titled "*Recent developments*" below.

As on December 31, 2016, our Company has about 627 permanent employees (including 137 permanent employees of our wholly owned subsidiary BMM Cements Limited) and about 938 contract labourers from time to time in such numbers as may be required. Besides S Sreekanth Reddy, executive director, who is a cement technologist, we also have several technical experts in the cement manufacturing process who are permanent employees of our Company and BMM. We have never experienced any material losses or significant work stoppages as a result of disputes with our employees.

We have a strong marketing network across geographies for sales and marketing. As on December 31, 2016, we have a strong network of over 1,950 dealers, distribution agents and consignment agents besides direct institutional sales. With an objective to reach out to dealers, we organise dealers' meet during our product launch, new developments and other initiatives. We have long-standing relationships with several domestic players and have been recognized as approved suppliers for the products manufactured by us.

Following are the details of installed capacity, capacity utilisation and production for the last 3 Fiscals 2016, 2015 and 2014 respectively:

Particulars	**Fiscal 2016***	**Fiscal 2015**	**Fiscal 2014**
Installed Capacity (MTPA)	39,90,000	27,50,000	26,96,500
3 Year CAGR	13.95%	-	-
Capacity Utilisation	49.24%	56.42%	52.66%
Production (MTPA)	19,64,763	15,51,598	14,19,943
3 Year CAGR	11.43%	-	-

** consolidated basis*

Our Company's audited financial performance during the last three Fiscals and unaudited financial results as of and for the nine months period ended December 31, 2016 are as below:

(₹ in lakhs)

Particulars	**Nine months ended December 31, 2016***	**For the Fiscal**		
		2016*	**2015**	**2014**
Total Revenue**	58,204.15	75,749.94	91,109.58	50,675.46
EBITDA	8,667.33	12,808.44	42,265.57	1,912.94
EBITDA Margin	14.89%	16.91%	46.38%	3.91%
PAT	(74.88)	4,610.34	29,665.17	(2,558.11)
PAT Margin	-	6.09%	32.56%	-

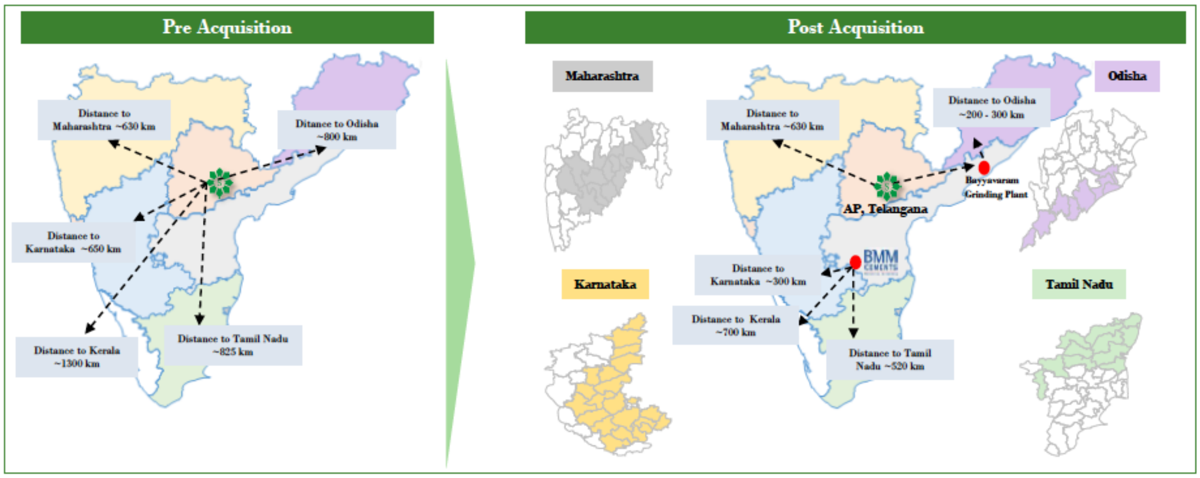
** on consolidated basis*
*** net of excise duty*

Recent developments

Acquisition of Bayyavaram unit

Our Company has acquired a grinding unit at Bayyavaram, Andhra Pradesh having a grinding capacity of 0.2 million MTPA which the Company has proposed to take it to 1.5 million MTPA. The Bayyavaram unit has not only led to an increase in our grinding capacity but also led to introduction of PSC to our product portfolio.

Further, the acquisition of the grinding unit at Bayyavaram is expected to provide access to eastern India region especially the southern Odisha market.



Setting up of a waste heat recovery power plant

Our Company is in the process of setting up a waste heat recovery power plant having a gross generation capacity of 6 MW at its Mattampally unit.

Setting up of coal based captive power plant at Mattampally unit

Our Company is planning setting up of a 15MW gross capacity captive coal based power generation plant compatible with all varieties of coal at the Mattampally unit.

Important Note on Application of Ind-AS and its Impact on the Preparation and Presentation of our Financial Statements

Our Audited Financial Statements for Fiscals 2014, 2015 and 2016 included in this Preliminary Placement Document have been prepared in accordance with the Companies Act, 2013, and Indian GAAP, while the Unaudited Financial Results relating to the nine months period ended December 31, 2016 have been prepared and presented in accordance with Ind-AS 34. Accounting principles under Ind-AS vary in many respects from accounting principles under Indian GAAP, and our Unaudited Financial Results prepared and presented in accordance with Ind-AS 34 are therefore not comparable to the Audited Financial Statements or any of our other historical financial statements prepared under Indian GAAP.

As required under applicable regulations, and for the convenience of prospective investors, we have included the following in this Preliminary Placement Document:

- Audited Financial Statements for Fiscals 2014, 2015 and 2016 prepared under Indian GAAP, together with their respective audit reports dated May 13, 2014, May 21, 2015 and May 26, 2016. The Audited Financial Statements and the respective audit reports are included in *"Financial Statements"* commencing on page 191;

- Unaudited Financial Results relating to the nine months period ended December 31, 2016 prepared and presented under Ind-AS 34 and subjected to a limited review. The Unaudited Financial Statements together with the limited review report dated January 25, 2017 are included in "*Financial Statements*" commencing on page 191. The Unaudited Financial Statements and the notes thereto also include certain information on reconciliation between Indian GAAP and Ind-AS, see "*Financial Statements – Unaudited financial results– Explanation of transition to Ind-AS*" beginning on page 191;

- The Unaudited Financial Results of the Company for the nine months period ended December 31, 2016 presented in compliance with SEBI Listing Regulations prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 – "Interim Financial Reporting's" ("**Ind AS – 34**"), prescribed under Section 133 of the Companies Act read with relevant rules issued thereunder and other accounting standards in India. .

For the convenience of potential investors, we have also included in this Preliminary Placement Document information on the "Significant Differences between Indian GAAP and Ind-AS" on page number 91, which sets out the qualitative differences between Indian GAAP and Ind-AS that are, or in the future may become, applicable to our financial statements. Such comparative statement has been included for illustrative purposes only and does not imply that all such differences apply, or will apply, to the manner in which our financial statements are prepared and presented under Ind-AS, as applicable or otherwise. In addition, the impact of any such differences may vary materially from the impact reflected in the Unaudited Financial Results included in this Preliminary Placement Document. The preparation of our financial statements in accordance with Ind-AS requires our management to make judgments, estimates and certain assumptions. The estimates and assumptions used in the preparation of such financial statements in accordance with Ind-AS will be based upon management's evaluation of the relevant facts and circumstances as on the date of the relevant financial statements, and such estimates and underlying assumptions may be reviewed in the future on an on-going basis.

Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind-AS and how those differences might affect the financial information disclosed in this Preliminary Placement Document.

Key factors affecting our financial condition and our results of operations

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section entitled 'Risk Factors' on page 44 of this Preliminary Placement Document. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations.

Demand for cement

Our Company is heavily reliant on demand for cement which is closely related to growth in the construction sector and is primarily derived from growth in segments like housing, infrastructure and commercial and industrial segments particularly in Telangana, Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra and the eastern region of India.

Cement demand in southern region has been flattish for the last 4-5 years in the absence of major infrastructure projects in the region coupled with realty slump in key markets. However, revival in rural housing coupled with uptick in construction of infrastructure projects especially roads, irrigation projects, and urban infrastructure projects shall support demand, thereby at an annualized level cement demand is expected to grow at 5-6% y-o-y in FY17 in the southern region.

Demand for cement in the eastern region has grown the fastest over the last five years. It has witnessed a robust double digit growth of 11-11.5% in 2015-16. Growth was driven largely by state government induced investments across infrastructure sector (including rural housing as well). Further industrial and commercial sectors also exhibited high growth especially in the states of Odisha, Jharkhand and Chhattisgarh. In long term CRISIL Research expects cement demand in the east to outpace most other regions at 9-10% CAGR, from 2015-16 to 2020-21 against 6.5-7.0% CAGR recorded in the previous corresponding five years period.

Competition and prices

We operate in an increasingly competitive market. We face competition from other manufacturers, traders, suppliers and importers in relation to our offerings. Suppliers in our industry compete based on key attributes including product quality, technical competence, strength of sales and distribution network, pricing and timely delivery.

Further, many of our competitors may have significant competitive advantages, including greater brand recognition and greater access to financial, research and development, marketing, distribution and other resources, larger product offerings and greater specialization than us. Our competitors may further, enter into business combinations or alliances that strengthen their competitive positions or prevent us from taking advantage by entering into such business combinations or alliances. Increasing competition may result in pricing pressures or decreasing profit margins or lost market share or failure to improve our market position, any of which could substantially harm our business and results of operations. We will be required to compete effectively with our existing and potential competitors, to maintain and grow our market share and in turn, our results of operations.

Power and fuel cost

Power costs, together with fuel costs for coal and fuel oil, generally comprise one of the largest portion of our Company's total expenditures. Coal still remains our primary source of fuel. Fluctuations in the prices of fuel oil, coal and power, therefore, have, and will continue to have, a significant direct impact on our results of operations.

Taxation

The Government of India may from time to time implement new policies using economic or administrative means to regulate the cement industry. Cement in India is a highly taxed commodity with various taxes and levies comprising a significant portion of the end-user price. The key levies on cement are excise duty and sales tax or value added tax.

Other factors

Besides the four broad factors, as mentioned above and except as otherwise stated in this Preliminary Placement Document, the following factors could cause actual results to differ materially from the expectations:

1. Changes in fiscal, economic or political conditions in India;
2. Company's ability to successfully implement its strategy and its growth and expansion plans;
3. Increasing competition in the construction industry;
4. Increase in labour costs, raw materials prices, prices of plant and machineries and insurance premia;
5. Changes in the value of the Indian rupee and other currencies;
6. Regulatory changes pertaining to the industry in which our Company operates and its ability to respond to them; and
7. Our Company's ability to obtain financing on favorable terms.

Components of our Revenue and Expenses

The components of our revenue, also expressed as a percentage of our total revenue, as reflected in our standalone audited financial statements for Fiscal 2016 and Fiscal 2015 is as follows:

(₹ in lakhs)

Particulars	**FY 2015-16**		**FY 2014-15**	
	Amount	**% of Total Revenue**	**Amount**	**% of Total Revenue**
Revenue				
Revenue from operations - Sale of Cement (Gross)	70,462.46	108.40%	63,179.84	69.34%
Less: Excise duty	8,635.00	13.28%	8,696.74	9.55%
Revenue from Operations (net)	**61,827.46**	**95.12%**	**54,483.10**	**59.80%**
Other Operating income	348.76	0.54%	330.26	0.36%
Income from Operations	**62,176.22**	**95.66%**	**54,813.36**	**84.33%**
Other income				
Interest income	2,823.37	4.34%	1,382.22	1.52%

Particulars	FY 2015-16		FY 2014-15	
	Amount	% of Total Revenue	Amount	% of Total Revenue
Dividend income	0.26	0.00%	0.26	0.00%
Net gain on sale of long term investments	-	0.00%	34,900.00	38.31%
Profit on sale of fixed assets (net)	-	0.00%	13.74	0.02%
Other Income	**2,823.63**	**4.34%**	**36,296.22**	**39.84%**
Total Revenue	**64,999.85**	**100%**	**91,109.58**	**100%**

Income

Our total revenue for the Fiscals 2016 and 2015 was ₹ 64,999.85 lakhs and ₹ 91,109.58 lakhs, respectively.

Our total revenue comprises of:

Revenue from Operations

Our revenue from operations comprises revenue from the sale of products and other operating revenue. Our revenue from sale of products primarily comprises revenue from the sale of cement primarily to our dealers. Our other operating revenues primarily comprise sale of scrap, insurance claims, income from brand and man power supply to subsidiary and incentive received from the government.

Other income

Other income comprises of recurring income and non-recurring income. Recurring income usually comprises of interest income and dividend income. Non recurring income usually comprise of profit on sale of assets (net) and sale of long term investments.

Expenses

Our total expenses for the Fiscals 2016 and 2015 were ₹ 57,813.01 lakhs and ₹ 53,302.71 lakhs, respectively. Our total expenses, also expressed as a percentage of our total revenue, as reflected in our standalone audited financial statements for Fiscals 2016 and Fiscal 2015 is as follows:

(*₹ in lakhs*)

Particulars	FY 2015-16		FY 2014-15	
	Amount	% of Income from Operations	Amount	% of Income from Operations
Income from Operations	**62,176.22**	**100%**	**54,813.36**	**100%**
Cost of materials consumed	6,638.12	10.68%	6,778.56	12.37%
Purchases of Stock-in-trade	6,483.60	10.43%	-	-
Changes in inventories of finished goods, work in progress and stock in trade	176.65	0.28%	(1,060.85)	-1.94%
Manufacturing Expenses		-		-
Coal Consumed	10,108.49	16.26%	12,802.56	23.36%
Power	7,028.23	11.30%	8,220.84	15.00%
Packing Material consumed	2,714.29	4.37%	2,961.97	5.40%
Stores and spares consumed	1,595.67	2.57%	1,311.76	2.39%
Repairs and maintenance	1,412.60	2.27%	1,019.74	1.64%
Employee benefit expenses				-
Salaries and wages	3,232.47	5.20%	2,833.67	5.17%
Contribution to provident and other funds	193.89	0.31%	215.96	0.39%
Staff welfare expenses	331.01	0.53%	295.00	0.54%
Finance costs				-

Particulars	FY 2015-16		FY 2014-15	
	Amount	% of Income from Operations	Amount	% of Income from Operations
Interest expense	2,244.01	3.61%	1,635.44	2.98%
Other borrowing costs	659.48	1.06%	672.79	1.23%
Depreciation and amortization expenses				-
Depreciation	2,336.76	3.76%	2,150.47	3.92%
Other expenses				-
Freight and forwarding expenses	10,056.41	16.17%	10,856.90	19.81%
Selling expenses	1,306.89	2.10%	1,495.73	2.73%
Provision for doubtful debts	36.20	0.06%	-	-
Bad and doubtful debts written off	-	-	69.89	0.13%
Rent	196.94	0.32%	173.44	0.32%
Insurance	114.06	0.18%	102.73	0.19%
Rates and taxes	137.57	0.22%	107.87	0.20%
Travelling and conveyance	163.69	0.26%	170.76	0.31%
Security services	89.91	0.14%	66.98	0.12%
Donations and contributions	40.90	0.07%	27.67	0.05%
Expenditure on corporate social responsibility	36.21	0.06%	23.11	0.04%
Legal and professional	157.14	0.25%	180.12	0.33%
Payment to auditors	14.90	0.02%	5.12	0.01%
Administrative Expenses	209.31	0.34%	133.24	0.24%
Printing and stationary	22.61	0.04%	23.23	0.04%
Communication	49.27	0.08%	44.76	0.08%
Net loss on foreign currency transaction and translation	76.10	0.12%	84.16	0.15%
Director sitting fees	16.60	0.03%	10.80	0.02%
Loss on sale of fixed assets	17.44	0.03%	-	0.00%
Increase/(decrease) of excise duty on inventory	(13.70)	-0.02%	14.90	0.03%
Miscellaneous & other expenses	6.84	0.01%	12.04	0.02%
Captive consumption of cement	(77.55)	-0.12%	(138.65)	-0.25%
Total expenses	**57,813.01**	**92.98%**	**53,302.71**	**97.24%**

Our total expenses comprises of cost of materials consumed, changes in inventory, employee benefit expenses, finance costs, depreciation and amortization and other expenses.

Cost of Material consumed

Our expenditure on material consumed primarily consists of limestone, laterite, iron-ore sludge, gypsum and fly-ash in the manufacturing process. Cost of material consumed accounted for 10.68% and 12.37% of our income from operations for Fiscal 2016 and Fiscal 2015, respectively. Limestone constituted 4.80% and 5.06% of our income from operations for Fiscal 2016 and Fiscal 2015, respectively. Laterite constituted 1.05% and 1.32% of our income from operations for Fiscal 2016 and Fiscal 2015, respectively. Iron-ore sludge constituted 1.24% and 1.88% of our income from operations for Fiscal 2016 and Fiscal 2015, respectively. Gypsum constituted 1.80% and 1.92% of our income from operations for Fiscal 2016 and Fiscal 2015, respectively. Fly-ash constituted 1.79% and 2.19% of our income from operations for Fiscal 2016 and Fiscal 2015, respectively.

Purchase of stock-in-trade and changes in inventories of finished goods and work-in-progress

The changes in inventories of finished goods, work in progress and stock-in-trade include (a) changes in the opening stock of our finished products, work in progress and stock-in-trade and (b) changes in the closing stock of our finished products, work in progress and stock-in-trade which includes the difference in the excise duty on the opening stock and the closing stock.

Manufacturing expense

Our manufacturing expenses include consumption of coal, power, packing material, stores and spares, repairs and maintenance (i.e., plant & machinery, buildings, vehicles and others). Manufacturing expense accounted for 36.77% and 48.01% of our income from operations for Fiscals 2016 and 2015 respectively.

Employee benefit expense

Our employee benefit expenses comprise of salaries and wages, contribution to provident fund and other funds and staff welfare expenses. Employee benefit expense accounted for 6.04% and 6.10% of our income from operations for Fiscals 2016 and 2015 respectively.

Finance costs

Our finance costs primarily comprise of interest paid on our debt facilities, including term loans, working capital loans, loan processing charges and other borrowing costs such as higher purchase loans i.e. vehicle loans. Our finance costs accounted for 4.67% and 4.21% of our income from operations for Fiscals 2016 and 2015 respectively.

Depreciation and amortization expenses

Depreciation and amortisation is provided on straight line basis. Depreciation and amortisation on additions or disposal is charged on pro rata basis. Until March 31, 2014, depreciation and amortisation was charged at the rates prescribed in Schedule XIV of the Companies Act, 1956. Effective from April 1, 2014, our Company has charged depreciation and amortisation based on the revised remaining useful life of assets as per the requirements of Schedule II of the Companies Act, 2013 except in case of certain plant & machineries whose useful life is as assessed by certified external technical expert's assessment. Our depreciation and amortization expenses accounted for 3.76% and 3.92% of our income of operations for Fiscals 2016 and 2015 respectively.

Other expenses

Our other expenses include freight and forwarding expenses, selling expenses, administrative expenses, rent, rates and taxes, insurance, legal and professional charges, auditor's remuneration, travelling and conveyance expenses, and miscellaneous expenses amongst others. The three major components of our other expenses are freight and forwarding expenses, selling expenses and administrative expenses which were ₹ 10,056.41 lakhs and ₹ 10,856.90 lakhs and; ₹ 1,306.89 lakhs and ₹ 1,495.73 lakhs and; ₹ 209.31 lakhs and ₹ 133.24 lakhs, respectively, for Fiscals 2016 and 2015, respectively. Other expenses accounted for 20.48% and 24.82% of our revenue from operations for Fiscals 2016 and 2015 respectively.

Summary of Standalone Audited Profit & Loss Account

(*₹ in lakhs*)

Particulars	**Fiscal 2016**		**Fiscal 2015**	
	Amount	**% of Total Revenue**	**Amount**	**% of Total Revenue**
Total revenue	64,999.85	-	91,109.58	-
Total expenses	57,813.01	88.94%	53,302.71	58.50%
Profit before tax	**7,186.84**	11.06%	**37,806.87**	41.50%
Tax expense	2,211.05	3.40%	8,141.70	8.94%
Profit after tax	**4,975.79**	7.66%	**29,665.17**	32.56%

Fiscal 2016 compared to Fiscal 2015

Revenue

Revenue from Operations

Our revenue from operations increased by 13.48% from ₹ 54,483.10 lakhs in Fiscal 2015 to ₹ 61,827.46 lakhs in Fiscal 2016 due to increase in the quantity of cement sold from 15,50,098 MT in Fiscal 2015 to 16,53,499 MT in Fiscal 2016.

Other operating income

Our other operating income increased by 5.60% from ₹ 330.26 lakhs in Fiscal 2015 to ₹ 348.76 lakhs in Fiscal 2016 primarily due to increase in the amount realized through sale of scrap by ₹ 111.73 lakhs and income from brand and man power supply to subsidiary of ₹ 210.50 lakhs in Fiscal 2016 as compared to Nil in Fiscal 2015 and partly offset by government incentives received amounting ₹ 302.93 lakhs during Fiscal 2015.

Other income

Our other income substantially decreased by 92.22% from ₹ 36,296.22 lakhs in Fiscal 2015 to ₹ 2,823.63 lakhs in Fiscal 2016 mainly due to non-recurring event of profit of ₹ 34,900 lakhs earned on sale of long term investment in Fiscal 2015.

Total Expenditure

Cost of material consumed

Our expenditure on material consumed marginally decreased by 2.07% from ₹ 6,778.56 lakhs in Fiscal 2015 to ₹ 6,638.12 lakhs in Fiscal 2016 on mainly on account of decrease in the opening stock of ₹ 152.18 lakhs for Fiscal 2016 as compared to ₹ 207.69 lakhs in Fiscal 2015 and increase in the closing stock of ₹ 308.59 lakhs for Fiscal 2016 as compared to ₹ 152.18 lakhs in Fiscal 2015 while the purchases of materials during Fiscal 2016 were almost even as compared to Fiscal 2015. As a percentage of income from operations, our material consumption stood at 10.68% in Fiscal 2016 and 12.37% in Fiscal 2015.

Purchase of stock in trade

Our expenditure on the purchase of stock in trade was ₹ 6,483.60 lakhs in Fiscal 2016 as compared to 'Nil' in Fiscal 2015. This was mainly on account of purchase of cement from our subsidiary BMM.

Changes in inventories of finished goods and work in progress

In Fiscal 2015, the changes in inventories of finished goods and work-in-progress at ₹ 1,060.85 lakhs as compared to ₹ 176.65 lakhs in Fiscal 2016. The decrease in the inventory levels in Fiscal 2016 was primarily due to measures taken by our Company in Fiscal 2015 to clear the existing inventory and efficient management of the inventory for future course of business.

Manufacturing expenses

Our manufacturing expenses decreased by 13.14% from ₹ 26,316.87 lakhs in Fiscal 2015 as compared to ₹ 22,859.28 lakhs in Fiscal 2016. This was primarily due to reduction in the consumption expenses of coal, power and packing material during the Fiscal 2016 by ₹ 2,694.07 lakhs, 1,192.61 lakhs and 247.68 lakhs respectively as compared to Fiscal 2015. Our manufacturing expense, as a percentage of our income from operations, stood at 36.77% during Fiscal 2016 as compared to 48.01% in Fiscal 2015.

Employee benefits

Our employee benefits expenses increased by 12.34% from ₹ 3,344.63 lakhs in Fiscal 2015 as compared to ₹ 3,757.37 lakhs for the Fiscal 2016, primarily due to increase in salaries and wages by 398.80 lakhs in Fiscal 2016 and marginal increase in staff welfare expenses by 12.21% from ₹ 295.00 lakhs in Fiscal 2015 to ₹ 331.01 lakhs in Fiscal 2016. Our employee benefit expense, as a percentage of our income from operations, stood at 6.04% during Fiscal 2016 as compared to 6.10% in Fiscal 2015.

Finance costs

Our finance costs increased by 25.79% from ₹ 2,308.23 lakhs for the Fiscal 2015 as compared to ₹ 2,903.49 lakhs for Fiscal 2016, mainly due to lower capitalisation of interest of ₹ 584.95 lakhs in Fiscal 2016 as compared to ₹ 1,781.85 lakhs in Fiscal 2015. Our finance cost, as a percentage of our income from operations, stood at 4.67% during Fiscal 2016 as compared to 4.21% in Fiscal 2015.

Depreciation and Amortisation

The depreciation and amortisation expenses increased by 8.66% from ₹ 2,150.47 lakhs for the Fiscal 2015 as compared to ₹ 2,336.76 lakhs for the Fiscal 2016 mainly due to additions and marginal deletion in the gross block during the year. Depreciation and Amortisation, as a percentage of our income from operations, stood at 3.76% during Fiscal 2016 as compared to 3.92% in Fiscal 2015.

Other expenses

Our other expenses have decreased by 6.38% from ₹ 13,603.45 lakhs in Fiscal 2015 to ₹ 12,735.29 lakhs in Fiscal 2016. This was primarily on account of decrease in freight and forwarding expenses by 7.37%, selling expenses by 12.63%, travelling and conveyance by 4.15%, legal & professional fees by 12.76%, miscellaneous expenses by 43.19%, partly setoff by increase in rent by 13.55%, rates and taxes by 27.53%, security services by 34.23%, administrative expenses by 57.09%. Our other expenses, as a percentage of our income from operations, stood at 20.48% during Fiscal 2016 as compared to 24.82% in Fiscal 2015.

Profit before tax

As a result of the above, our profit before tax, decreased by ₹ 30,620.03 lakhs, or 80.99% from ₹ 37,806.87 lakhs, representing 41.50% of our total revenue in Fiscal 2015 as compared to ₹ 7,186.84 lakhs, representing 11.06%, in Fiscal 2016.

Profit after tax

As a result of the above, profit after tax decreased by ₹ 24,689.38 lakhs or 83.23% from ₹ 29,665.17 lakhs in Fiscal 2015 to ₹ 4,975.79 lakhs in Fiscal 2016. The profit after tax for the year Fiscal 2015 and Fiscal 2016 represents 32.56% and 7.66% respectively of total revenues. The decrease in profit after tax in Fiscal 2016 was mainly due to non-recurring event of profit of ₹ 34,900 lakhs earned on sale of long term investment in Fiscal 2015.

Fiscal 2014

The information provided below in respect of the Fiscal Year ending March 31, 2014 have been extracted from audited financial statements of the Fiscal Year ending March 31, 2015 wherein the figures of the Fiscal Year ending March 31, 2014 have been regrouped, recast and rearranged to conform to those of the Fiscal Year ending March 31, 2015 wherever necessary.

(₹ in Lakhs)

Particulars	**Fiscal 2014**
Revenue from operations - sale of cement (gross)	56,109.56
Less : Excise duty	7,215.73
Revenue from operations (net)	48,893.83
Other operating income	1,546.76
Income from operations	47,383.59
Other income	234.87
Total revenue (I + II)	**50,675.46**
Expenses	
Cost of materials consumed	5,228.12
Purchase of stock-in-trade	-
Changes in inventories of finished goods, work in progress	127.28
Manufacturing expenses	25,272.58
Employee benefits expense	2,531.27
Finance costs	2,954.74
Depreciation and amortization expense	2,693.40
Other expenses	15,603.26
Less: Captive consumption of cement net of excise duty ₹ 64.83 lakhs (Year ended March 31, 2015 ₹ 123.38 lakhs and Year ended March 31, 2014 ₹ 136.58 lakhs)	-
Total expenses	**54,410.65**
Profit before tax	**(3,735.20)**
Tax expense:	
Current tax/Earlier year	(57.07)
MAT Credit	
Deferred tax	1,234.16
Net tax expense	1,177.09
Profit for the year	**(2,558.11)**
Earning per equity share of ₹ 10 each:	
Basic & Diluted (in ₹)	(14.71)

Total Revenues

We had a total revenue of ₹ 50,675.46 lakhs for the Fiscal Year 2014.

Revenue from Operations

Our revenue from operations was ₹ 48,893.83 lakhs for the Fiscal Year 2014, which amounted to 96.48% of our total revenues.

Other Income

We had revenue from other income of ₹ 1,781.62 lakhs for the Fiscal Year 2014. This was primarily attributable to incentives from the Andhra Pradesh government, gains from sale of assets and interest income.

Total Expenses

We had total expenses of ₹ 54,410.65 lakhs for the Fiscal Year 2014. This was majorly attributable to expenses towards consumption of materials, other manufacturing expenses like consumption of coal, power, packing material, stores and spares consumed, etc., employee benefits expenses, finance costs, depreciation and amortization expenses and other expenses like transportation expenses, selling expenses, administrative expenses, rent, amongst others. As a percentage of our total revenue, our total expenses were 107.37% in the Fiscal Year 2014.

Cost of materials consumed

Our total cost of materials consumed for the Fiscal Year 2014 totalled ₹ 5,228.12 lakhs. This primarily includes costs in relation to purchase of raw materials like limestone, laterite, iron ore sludge, gypsum and fly ash. Our cost of materials consumed as a percentage of revenue from operations were 10.69% for the Fiscal Year 2014.

Change in Inventory

Net decrease in inventories of finished goods and work-in-progress totalled ₹ 127.28 lakhs for the Fiscal Year 2014 which was primarily attributable to decrease in our closing stock of work-in-progress. Our change in inventory as a percentage of revenue from operations is 0.26% for the Fiscal Year 2014.

Employee benefit expense

Our employee benefits expenses for the Fiscal Year 2014 totalled ₹ 2,531.27 lakhs. Our employee benefits expenses as a percentage of revenue from operations were 5.02% for the Fiscal Year 2014.

Finance Costs

Our finance costs totalled ₹ 2,954.74 lakhs for the Fiscal Year 2014, which was primarily attributable to the interest on term loans and working capital loans besides bank charges and other costs. As a percentage of our revenue from operations, finance costs were 5.86% in the Fiscal Year 2014.

Depreciation and amortization expense

Our depreciation and amortization expense was ₹ 2,693.40 lakhs for the Fiscal Year 2014. Our expenses in relation to depreciation and amortization as a percentage of revenue from operations was 5.34% for the Fiscal Year 2014.

Other Expenses

Our other expenses totalled ₹ 15,603.26 lakhs for the Fiscal Year 2014, which was primarily on account of expenses towards freight and forwarding expenses, selling expenses, administrative expenses, rent, amongst others. Our other expenses as a percentage of revenue from operations were 31.91% for the Fiscal Year 2014.

Loss before tax

As a result of the factors outlined above, our loss before tax for the Fiscal Year 2014 was ₹ 3,735.20 lakhs.

Loss after Tax

As a result of the factors outlined above, our loss after tax was ₹ 2,558.11 lakhs Fiscal Year 2014.

Liquidity and Capital Resources

As of March 31, 2016, we had cash and bank balances of ₹ 366.82 lakhs. Cash and bank balances consist of cash on hand and deposit accounts including unpaid dividend account and margin money deposit or security against borrowings. Our primary liquidity needs have been to finance our operations, working capital needs, debt service and capital expenditure. We have historically met our liquidity needs through a combination of borrowings, capital raising and internally generated cash flows.

We expect to meet our working capital requirements primarily from the cash flows from our business operations and working capital borrowings from banks and other lenders as may be required.

Our short-term liquidity requirements relate to servicing our debt and funding working capital requirements. Sources of short-term liquidity include cash balances and receipts from our operations.

Our long-term liquidity requirements include funding of capital expenditure. Sources of funding our long-term liquidity requirements include new loans, equity or debt issues.

Cash flows

Set forth below is a table of selected information from our Company's standalone audited statements of cash flows for the periods indicated.

(₹ in lakhs)

Particulars	**Fiscal 2016**	**Fiscal 2015**
Net cash flow from/ (used in) operating activities	13,236.98	4,015.69
Net cash flow from/ (used in) investing activities	(24,896.79)	18,489.60
Net cash flow from/ (used in) financing activities	(9,992.01)	(1,062.85)
Net increase/ (decrease) in cash and cash equivalents	(21,651.82)	21,442.44
Opening cash and cash equivalents	21,668.64	226.20
Closing cash and cash equivalents	16.82	21,668.64

Net cash flow from/used in operating activities

Net cash flow from operating activities in Fiscal 2016 was ₹ 13,236.98 lakhs and our operating profit before working capital changes for that period was ₹ 9,657.10 lakhs. The difference was primarily attributable to ₹ 339.01 lakhs increase in inventories, ₹ 1,168.52 lakhs decrease in trade receivables, ₹ 1,588.58 lakhs increase in trade payables, ₹ 1,217.94 lakhs increase in other current liabilities and a payment of ₹ 2,342.90 lakhs in Net income tax paid.

Net cash flow from operating activities in Fiscal 2015 was ₹ 4,015.69 lakhs and our operating profit before working capital changes for that period was ₹ 5,969.35 lakhs. The difference was primarily attributable to ₹ 957.36 lakhs increase in trade receivables, ₹ 2,053.31 lakhs increase in inventories, ₹ 517.63 lakhs increase in trade payables, ₹ 1,851.41 lakhs decrease in other current liabilities and ₹ 37.45 lakhs in Net income tax paid.

Net cash flow from/ used in investing activities

In Fiscal 2016, our net cash flow used in investing activities was ₹ 24,896.79 lakhs. This primarily reflected the payments of ₹ 4,389.59 lakhs towards capital expenditure on fixed assets, including capital advances ₹ 15,642.96 lakhs towards loan to subsidiary (net), ₹ 5,317.94 lakhs towards purchase of long term investments (investment in subsidiary) partly off set by ₹ 624.95 lakhs towards interest received and ₹ 55.75 lakhs towards proceeds from sale of fixed assets.

In Fiscal 2015, our net cash flow from investing activities was ₹ 18,489.60 lakhs. This reflected the payments of ₹ 9,283.33 lakhs towards capital expenditure on fixed assets, including capital advances, ₹ 7,500.00 lakhs towards inter-corporate deposits placed, ₹ 2,500.00 lakhs for advance towards acquisition of subsidiary partly off set by ₹ 36,652.24 lakhs towards proceeds from sale of long term investment and ₹ 1,272.10 lakhs towards interest received.

Net cash flow from/ used in financing activities

In Fiscal 2016, our net cash flow used in financing activities was ₹ 9,992.01 lakhs. This primarily reflected the repayments of ₹ 14,604.89 lakhs towards long term borrowings, ₹ 3,499.42 lakhs towards finance costs partly off set by ₹ 11,480.79 lakhs towards proceeds from long term borrowings.

In Fiscal 2015, our net cash flow used in from financing activities was ₹ 1,062.85 lakhs. This primarily reflected the repayments of ₹ 2,645.54 lakhs towards long term borrowings, ₹ 2,280.38 lakhs towards finance costs and ₹ 1,812.90 lakhs towards repayment of unsecured loans partly off set by ₹ 4,512.79 lakhs towards proceeds from long term borrowings.

Purchases of fixed assets

For Fiscal 2016 and 2015 (on standalone basis), our purchases/additions to fixed assets were ₹ 14,224.52 lakhs and ₹ 2,071.36 lakhs, respectively. The following table provides a breakdown of our capital expenditure spend by category during the periods indicated.

(₹ in lakhs)

Asset class	Fiscal 2016	Fiscal 2015
Land – Freehold	340.97	1,299.70
Building	2,891.38	144.95
Plant and machinery	3,403.20	502.67
Other fixed assets	7,588.97	124.04
Total*	**14,224.52**	**2,071.36**

** includes capital work in progress and intangible assets*

Financial indebtedness

The following table sets forth our Company's secured and unsecured debt position (on standalone basis) as at March 31, 2016.

(*₹ in lakhs*)

Particulars	March 31, 2016
Long Term Borrowings	
Secured Loans	10,375.91
Unsecured Loans	189.35
Sub-Total	**10,565.26**
Current Maturities of Long Term Borrowings	2,032.44
Total Long Term Borrowings (A)	**12,597.70**
Short Term Borrowings	
Secured Loans	6,912.65
Unsecured Loans	-
Total Short Term Borrowings (B)	**6,912.65**
Total (A+B)	**19,510.35**

Details of Long Term Borrowings

(*₹ in lakhs*)

Particulars	March 31, 2016
Secured	
Term loan from banks	12,189.78
Less: Current Maturities	1,813.87
Sub Total (A)	**10,375.91**
Unsecured	

Particulars	March 31, 2016
Deferred payment liability	407.92
Less: Current Maturities	218.57
Sub Total (B)	**189.35**
Total (A+B)	**10,565.26**

Contingent Liabilities as at March 31, 2016

(*₹ in lakhs*)

Sl. No.	Particulars	Amount
1	Claims against the Company not acknowledged as debt	
	- Direct taxes related	28.32
	- Indirect taxes related	1,259.18
	- Others	204.85
2	APTRANSCO has raised a demand of ₹ 2,371.21 lakhs, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years. Out of which, the Company has paid an amount of ₹ 2,136.79 lakhs up to March 31, 2016. The Company has filed Writ Petition with High Court of Andhra Pradesh. The matter is still pending before the High Court as on March 31, 2016.	234.42
3	The Finance Minister of Government of India has announced in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the company took Cenvat credit pertaining to clean energy cess on coal for an amount of ₹ 530.11 lakhs (As at March 31, 2015: ₹ 518.83 lakhs) from July 2010 to April 2015. The Department of Central excise issued a show cause notice letter and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input Cenvat credit, thus the credit availed on cess is irregular. Based on department's letter the amount of ₹ 530.11 lakhs was reversed, but under protest. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the company.	530.11

Certain Emphasis of Matters and Qualifications Noted by Auditors

Statutory auditors of our Company have not included any qualifications/ observations /matters of emphasis in their respective audit reports of our Company in the last three financial years immediately preceding three years of this Preliminary Placement Document, including with respect to the Companies (Auditor's Report) Order, 2003 and 2015, as applicable.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Interest rate risk

We are exposed to market rate risk due to changes in interest rates on our credit facilities that we entered into, from time to time. We are subject to interest rate risk due to fluctuation in interest rates, primarily in relation to our debt obligations with floating interest rates. We also have borrowing costs which have been capitalized as capital work in progress, which are linked to applicable benchmark rates.

As at March 31, 2016, we had ₹ 19,510.35 lakhs of total outstanding indebtedness, which exposed us to market risk as a result of changes in interest rates. We undertake debt obligations to support our working capital needs and capital expenditure. Upward fluctuations in interest rates increase the cost of debt and interest cost of outstanding variable rate borrowings. We do not currently use any derivative instruments to modify the nature of our debt so as to manage our interest rate risk.

Commodity price risk

We are exposed to market risk with respect to the prices of certain raw materials used for manufacturing of our products. These commodities majorly include laterite, gypsum, fly-ash and iron-ore. The costs for these raw materials are subject to fluctuation based on commodity prices.

Inflation risk

Inflationary factors such as increases in the input costs and overhead costs may adversely affect our operating results. There may be time lag in recovering the inflation impact from our customer and we may not be able to recover the full impact of such inflation. A high rate of inflation in the future may, therefore, have an adverse effect on our ability to maintain our profit margins.

Credit risk

We are subject to the risk that our counterparties under various financial or customer agreements will not meet their obligations. Our credit risk exposure relates to our operating activities and our financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There have been no events to the best of our knowledge, other than as described in this Offer Document, which may be called "unusual" or "infrequent".

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as mentioned in this chapter, "*Risk Factors*" beginning on page 44 and "*Regulations and Policies*" on page 124, to the best knowledge of the management of our Company, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

3. Future changes in relationship between costs and income

Other than as described elsewhere in this Offer Document, particularly in this chapter, to the knowledge of the management of our Company, there are no known factors that might affect the future relationship between costs and revenues.

4. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Changes in revenues during the last three years are as explained in the part *Fiscal 2016 compared to Fiscal 2015 and Fiscal 2015 compared to Fiscal 2014* in this chapter.

5. Status of any publicly announced new products or business segments

Except as described in this chapter and the chapter/section titled '*Our Business*' and '*Risk Factors*' on page numbers 108 and 44, respectively, of this Offer Document, there are currently no publicly announced new products or business segments.

6. **Seasonality of Business**

Our business is not seasonal in nature.

7. **Any significant dependence on a single or few suppliers or customers**

While revenues from any particular customer may vary between financial reporting periods depending on the nature and term of on-going contracts, historically we are not dependent on single or a few customers.

8. **Competitive Conditions**

We face competition from existing and potential competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in the chapter titled "*Our Business*" on page number 108.

Transactions with related parties

We have certain transactions with our related parties. For details, see "*Financial Statements"* beginning on page number 191 prepared in accordance with Accounting Standard - 18.

Interest coverage ratio

The interest coverage ratio, which we define as profit before tax plus interest charge plus depreciation/interest charge, for Fiscal 2014, 2015, and 2016 was 0.65, 18.31 and 4.28 respectively.

Significant Developments after March 31, 2016

Except as stated in this Preliminary Placement Document and disclosed below, to our knowledge no circumstances have arisen since the date of the last audited financial statements as disclosed in this Preliminary Placement Document.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN INDIAN GAAP AND IND-AS

The financial information included herein is prepared and presented in accordance with Indian GAAP, except for the Unaudited Financial Results under Ind-AS released to the Stock Exchanges and included in this Placement Document. Certain differences exist between Indian GAAP and Ind-AS which might be material to the financial information herein. The matters described below summarize certain differences between Indian GAAP and Ind-AS that may be material. The Company is responsible for preparing the Summary below. The Company has not prepared a complete reconciliation of its consolidated financial statements and related footnote disclosures between Indian GAAP and Ind-AS and has not quantified such differences. Accordingly, no assurance is provided that the following Summary of differences between Indian GAAP and Ind-AS is complete. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind-AS, and how those differences might affect the financial information herein.

S. No.	Particulars	Indian GAAP	Ind-AS
1.	Presentation of Financial Statements	**Statement of Change in Equity**: Under Indian GAAP, a statement of changes in equity is not required. Movements in share capital, retained earnings and other reserves are presented in the Schedules to Financial Statements.	**Statement of Change in Equity:** Ind AS-1 requires the presentation of a statement of changes in equity showing: a) Transactions with owners in their capacity as owners, showing separately contributions by and distributions to equity holders. b) The total comprehensive income for the period. Amounts attributable to owners of the parent and non-controlling interests are to be shown separately. c) Effects of retrospective application or restatement on each component of equity. d) For each component of equity, a reconciliation between the opening and closing balances separately disclosing each change.
		Other Comprehensive Income: There is no concept of 'Other Comprehensive Income' under Indian GAAP.	**Other Comprehensive Income:** Ind AS 1 introduces the concept of Other Comprehensive Income ("OCI"). Items of income and expenses that are not recognized in profit and loss as required or permitted by other Ind ASs are presented under OCI.
		Other disclosures: There are no specific disclosure requirements under Indian GAAP for : (a) Critical judgments made by the management in applying accounting policies; (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period; and (c) Information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for	**Other disclosures:** Ind AS-1 requires disclosure of: (a) Critical judgments made by the management in applying accounting policies; (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period; and (c) Information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

S. No.	Particulars	Indian GAAP	Ind-AS
		managing capita	
		Extraordinary items: Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	**Extraordinary items:** Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
		Change in Accounting Policies: Indian GAAP requires changes in accounting policies should be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	**Change in Accounting Policies:** Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
		Dividends: Under Indian GAAP, declaration of dividend is an adjusting event and dividend proposed after the balance sheet date but before approval of the financial statements will have to be recorded as a provision	**Dividends:** Ind AS requires liability for dividends declared to holders of equity instruments are recognized in the period in which it is declared. It is a non-adjusting event
		Errors: Under Indian GAAP**,** prior period errors are included in determination of profit or loss for the period in which the error is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	**Errors:** As per Ind AS 8 material prior period errors shall be corrected retrospectively in the first set of financial statements either by restating the comparative amounts for the prior period(s) presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity.
2	Cash Flow statements	1. Bank overdrafts are considered as financing activities. 2. Cash flows from items disclosed as extraordinary are classified as arising from operating, investing or financing activities as appropriate, and separately disclosed.	1. As on IND AS 7, it should be included as cash and cash equivalents if they form an integral part of an entity's cash management. 2. As presentation of items as extraordinary is not permitted, the cash flow statement does not reflect any items of cash flow as extraordinary.
3	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with	As per Ind AS 12 *Income Taxes*, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying

S. No.	Particulars	Indian GAAP	Ind-AS
		reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/income on account of: i. All Ind AS opening balance sheet adjustments ii. Actuarial gain and losses accounted in OCI. iii. Indexation of freehold land iv. Fair valuation adjustments (employee loans, security deposits etc.)
4	Property, plant and equipment — reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on straight line method and on other assets depreciation under WDV method, based on the useful life prescribed in Schedule II to the Companies Act, 2013. or as estimated by the Management based on technical evaluation	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.
5.	Property, plant and equipment- Provision for site restoration expenses	Currenly, under Indian GAAP, the company does not have recognises provision for Site restoration expenses	Under Ind AS 16, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
6.	Leases	**Leasehold Land:** Leasehold land is recorded and classified as fixed assets and is excluded from lease standard.	**Leasehold Land:** Land lease is classified as operating or finance as per the criteria under Ind AS 17. When a lease includes both land and building elements, an entity assesses the classification of each element as a finance or operating lease separately.
		Operating Lease Rentals: Under Indian GAAP, 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 users benefit.	**Operating Lease Rentals:** Under Ind AS 17, 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 either of the below: a) another systematic basis is more representative of the time pattern of the user's benefit, or b) the payments to the lessor are structured to increase in line with expected general inflation for cost

S. No.	Particulars	Indian GAAP	Ind-AS
			increases.
		Determining whether an arrangement contains a lease: There is no such requirement if it does not take the legal form of a lease.	**Determining whether an arrangement contains a lease:** An arrangement that does not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which conveys the right to use the assets is accounted for as a lease in accordance with Ind AS 17.
7.	Accounting for Employee benefits	Currently under Indian GAAP the Company recognizes all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company uses actuarial valuation to determine the liability.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.
8.	Segment Disclosures - Determination of segments:	Currently under Indian GAAP, segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole. Segment revenue, segment expense, segment result, segment asset and segment liability have been defined. Disclosures are required based on classification of segment as primary or secondary. Disclosure requirements for secondary reporting format are less detailed than those required for primary reporting segments.	Ind AS 108 requires segment disclosure based on the components of the entity that Management monitors in making decisions about operating matters (the 'management approach'). Such components (operating segments) are identified on the basis of internal reports that the entity's Chief Operating Decision Maker (CODM) regularly reviews in allocating resources to segments and in assessing their performance. The term 'chief operating decision maker' identifies a function, not necessarily a manager with a specific title. That function is to allocate resources to and assess the performance of the operating segments of an entity. Often the chief operating decision maker of an entity is its chief executive officer or chief operating officer but, for example, it may be a group of executive directors or others.
9	Business combinations	Upon acquisition, any excess of the amount of the purchase consideration over the value of net assets of the transferor company acquired by the transferee company is recognized in the transferee company's financial statements as goodwill on acquisition. All acquisitions have been accounted in line with treatment prescribed in the court approval or in case of amalgamation, as prescribed under AS 14.	As per IND AS 103, All business combinations are to be accounted at fair value using the "Acquisition method". Upon acquisition, all assets acquired and liabilities assumed are recorded at fair value on the acquisition date. Contingent consideration payable shall be considered as part of total consideration while arriving at goodwill or gain on acquisition, as the case may be. However, common control transactions

S. No.	Particulars	Indian GAAP	Ind-AS
			are scoped out and can be accounted for using the "book value" approach Lastly, Ind AS 101 provides exemptions for past business combinations from accounting prescribed under Ind AS 103 and the entity can elect to continue the accounting it had adopted under Indian GAAP.
10.	Classification of Financial Instruments and subsequent measurement	Currently under Indian GAAP the Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values.	Ind AS 109 requires all Financial assets to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL), or recognized in other comprehensive income (FVTOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc., There are two measurement categories for financial liabilities —FVTPL and amortized cost. Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition.
		Provision for doubtful debts: Under Indian GAAP, provisions are made for specific receivables based on circumstances such as credit default of customer or disputes with customers. An enterprise should assess the provision of doubtful debts at each period end which, in practice, is based on relevant information such as past experience, actual financial position and cash flows of the debtors. Different methods are used for making provisions for bad debts, including ageing analysis and individual assessment of recoverability.	**Provision for doubtful debts:** In addition to the specific provisions under Indian GAAP, under Ind AS, at each reporting date, an entity shall assess whether the credit risk on trade receivables has increased significantly since initial recognition. When making the assessment, an entity shall use the Expected Credit Loss model to provide for a loss allowance over and above any provision for doubtful debts in the profit and loss statement. An entity shall measure expected credit losses to reflect the following: an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition
		Fair valuation of corporate guarantee given Under Indian GAAP. The company does not account for the Corporate Guarantee revenue	Under IND as 109, For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse

S. No.	Particulars	Indian GAAP	Ind-AS
			the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee. Hence, such costs are to be recorded in books
		Recognition and measurement of Financial liabilities at amortized cost: Bank borrowings and debentures were measured at initial recognition minus the principal repayments.	Financial liabilities at amortized cost shall be measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.
11.	Other income	Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.	Ind AS 18 requires interest to be recognised using effective interest rate method as per Ind AS 109
12.	Revenues - Measurement:	Revenue is recognized at the nominal amount of consideration receivable.	Revenue is recognised at fair value of the consideration receivable. Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognized as interest revenue using the effective interest method.

INDUSTRY

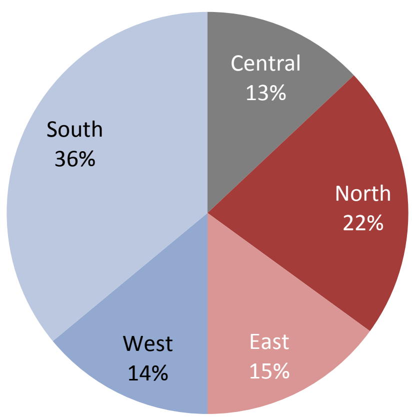
Unless noted otherwise, the information in this section is derived from the report titled "Cement – Annual Review – November 2016" by CRISIL Research. Company, the GC-BRLMs or any of their respective affiliates and advisors or any other person connected with the Issue has not independently verified this information. The data may have been re-classified by us for the purpose of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, we and the GC-BRLMs do not take any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/ source documents. The actual data for those years may vary significantly and materially from the estimates so contained. Accordingly, investors should not place undue reliance on this information.

Overview of the Indian Cement Industry

Industry Structure:

India is the world's second largest cement producer. Total installed cement capacity in India stood at 413 million tonnes, as of March 2016, it has been a gradual shift since setting up the first plant in Porbandar, Gujarat in 1914. The Indian cement industry is highly fragmented, with the presence of few large players and many small players. The top 5 players account for ~45-50% of the cement industry's capacity. Players can be broadly classified as pan-India, regional and standalone. Players whose presence is restricted to one or two regions are categorised as regional players.

Total Installed Capacity (As on March 2016)

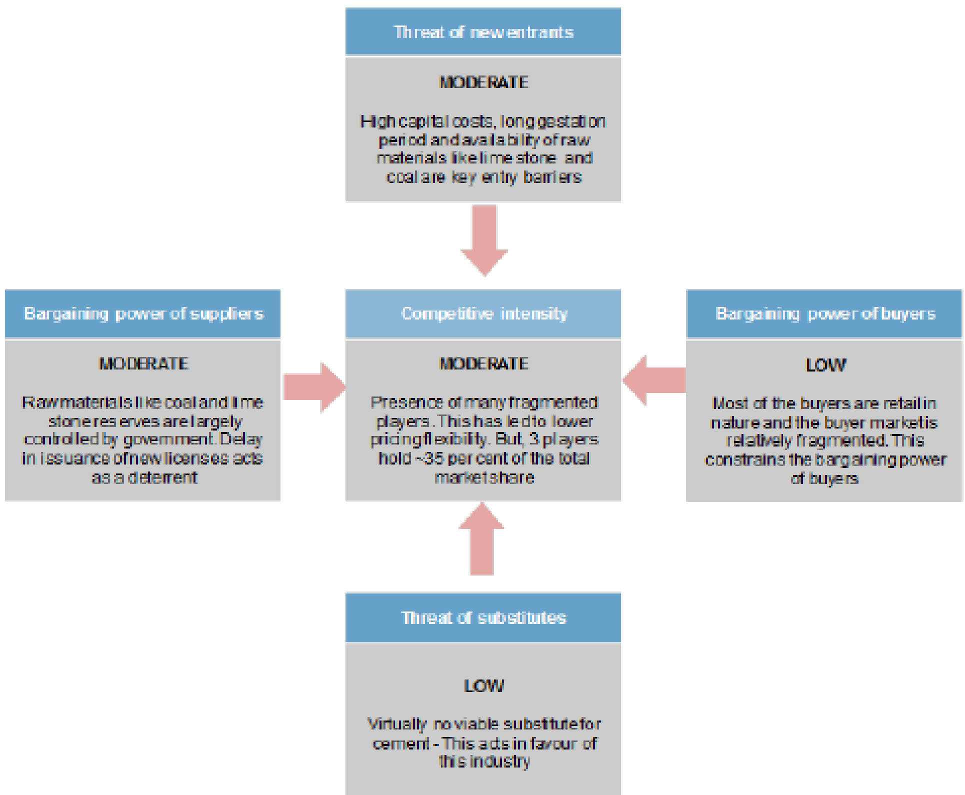


Total Installed Capacity (2015-16) – 413 million tonnes

Key players included in this segment are Jaiprakash Associates (North and Central), Lafarge (concentrated in the East), India Cement (South, West), Shree Cements (North), Binani Cement (North), Kesoram Industries (South), Chettinad Cement (South), Dalmia Cement (South), Sagar Cement (South) and Madras Cement (South)

The domestic cement Industry, like most capital-intensive commodity industries, is cyclical in nature, especially with respect to supply. Given the high gestation period (24-30 months), there is a time lag between the capacity build-up and cement demand (approximately 24-30 months). Further the demand for cement is linked to economic growth, hence, in strong periods of economic growth the profitability of players' increases due to high demand, leading to capacity additions by existing players and the entry of new players. However, since it takes around 2-3 years to build a cement plant, it is likely that demand could either decrease or stagnate, or capacity additions could exceed demand before completion of these capacities. This could lead to decrease in cement prices with the industry facing a downturn.

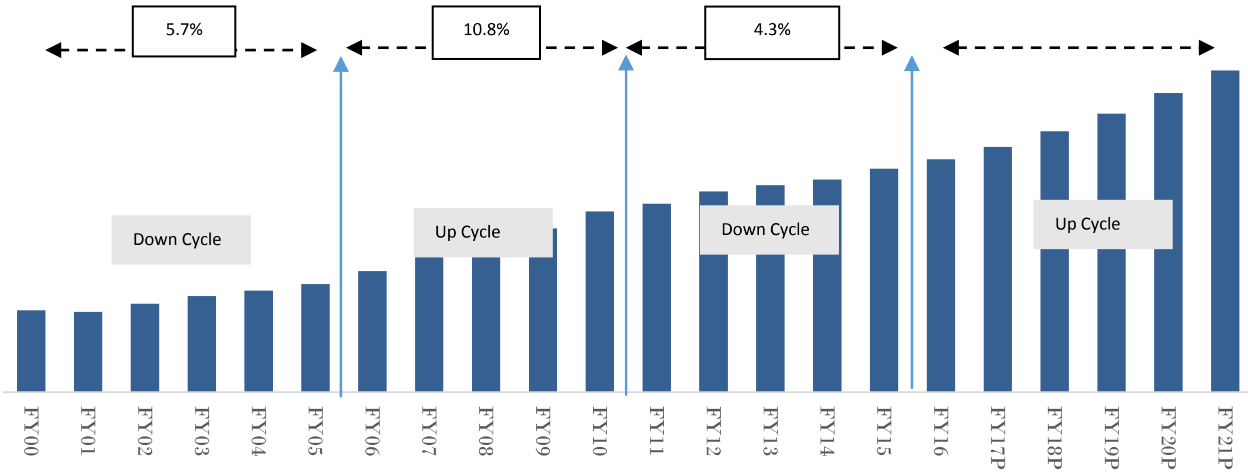
Porters five force Analysis:



Indian cement Industry appears to be in an uptrends, after a long period of muted growth, led by revival in government spending in housing (esp. affordable housing), marginal uptick in private housing, and fast growth in infrastructure spends (esp. urban infrastructure, road, and irrigation).

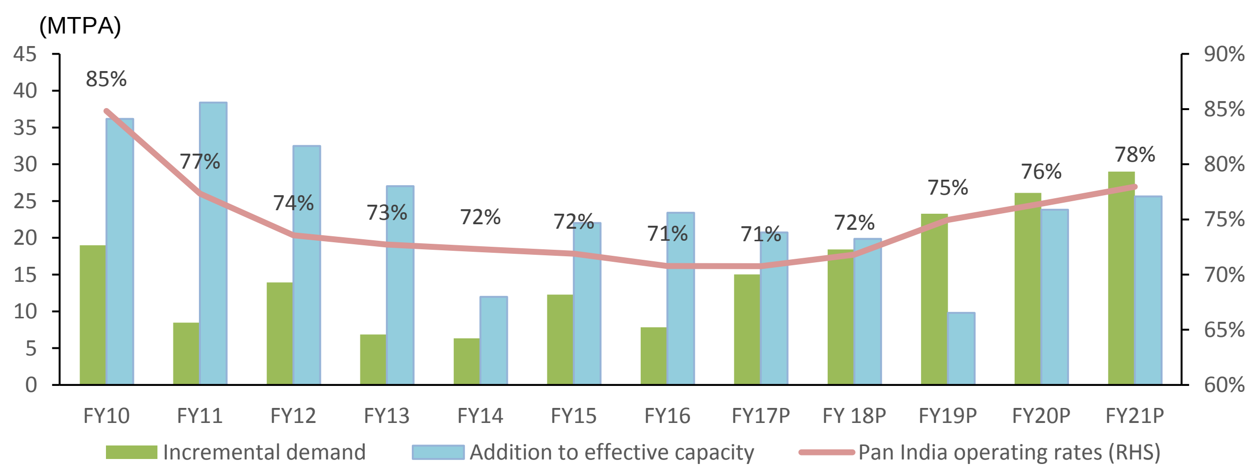
Pan India Cement Demand Consumption Pattern (MTPA):
(CAGR Growth)

6.5% -7.5%



Over a five-year period, PAN Indian cement demand is projected to increase at 6.5-7.5% CAGR over 2015-16 to 2020-21, as against 4.3% CAGR during 2010-11 to 2015-16.

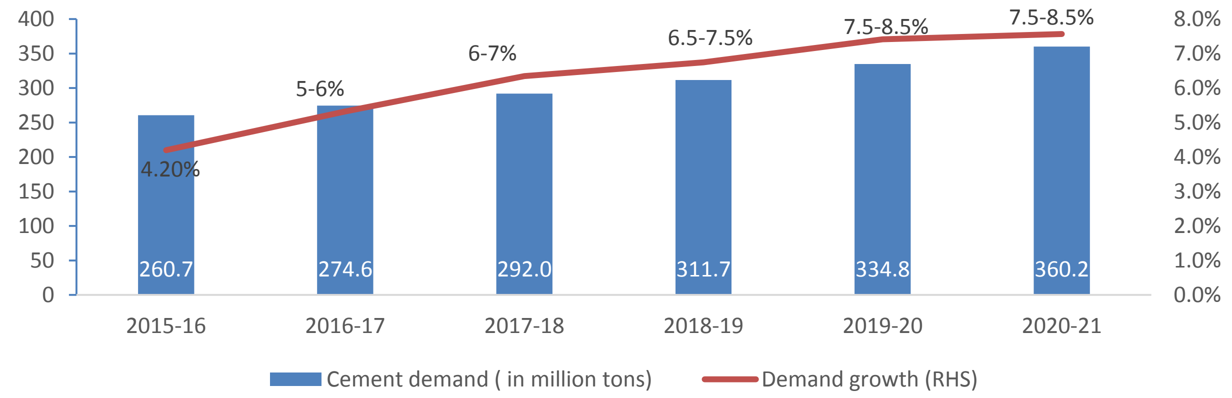
Capacity & Utilization Trend (Limited Incremental Capacity Addition in next five years):



1.
2. P: Projected
3. Note: Effective cement capacity is calculated on pro-rata basis, taking into account the month in which the capacity becomes operational.

Industry's capacity utilisation is expected to reach 78% by 2020-21 (average 75% over the next five years) vis-a-vis 71% in 2015-16, as demand outpaces capacity additions. However, in the near term, utilisation rates are expected to improve at a moderate pace, as postponed projects commission amidst recovering demand.

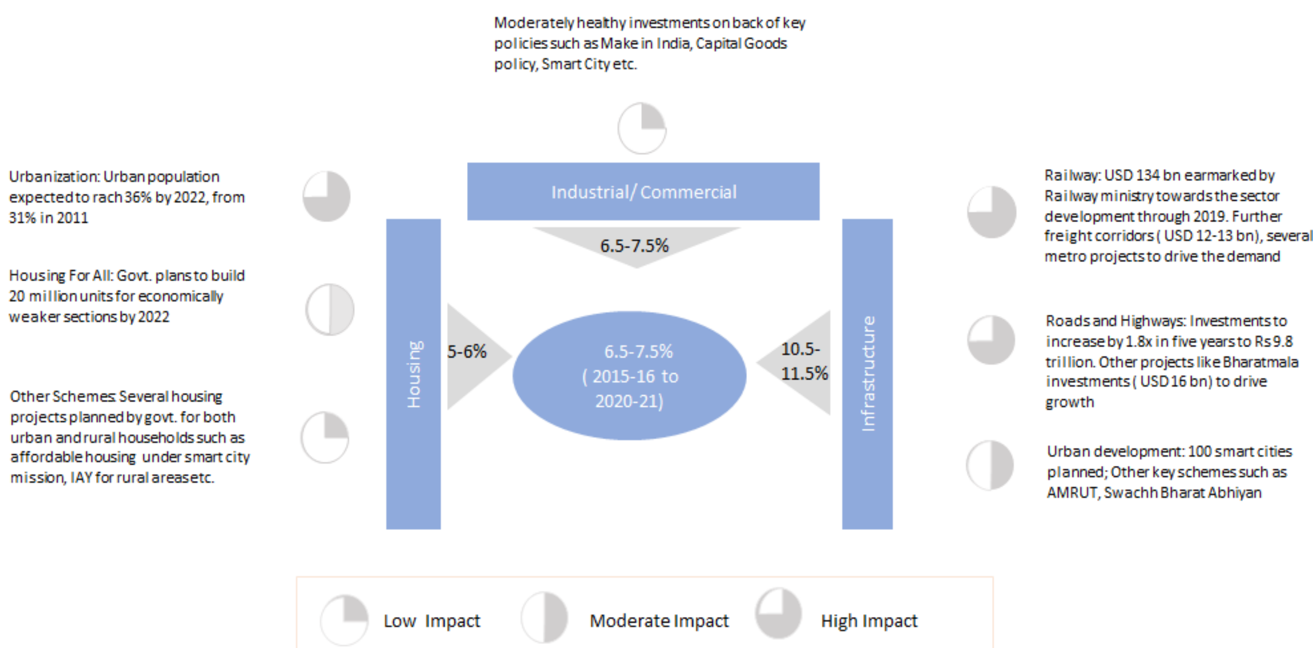
Cement Demand & Key Growth Drivers:



Long term cement demand is expected to grow at 6.5-7.5% compound annual growth rate (CAGR) over 2015-16 to 2020-21, as against 4.1% CAGR during 2010-11 to 2015-16.

The primary growth driver will be the infrastructure sector, which is expected to post a robust growth of 10.5-11.5% CAGR, with increasing central and state governments spend on infrastructure development. This in turn will increase the share of infrastructure to 20-25% from current levels of 15-20%. Housing sector is expected to grow at 5.0-6.0% over the next five years on back of rising urbanization, increased emphasis on affordable housing, government schemes such as Housing for All (urban housing), Pradhan Mantri Awas Yojana (rural housing), smart cities, etc. However, with increased growth in other sectors the share of housing in the overall consumption pattern will decline to 55-60% from the current share of 60-65%

<u>Major govt. policies / initiatives in end-use sectors to drive growth</u>

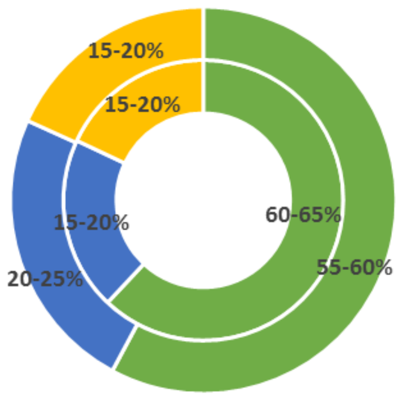


Segment-Wise Demand - *Cement industry's demand dynamics closely related to construction sector*

Demand for cement is closely related to growth in the construction sector and is primarily derived from growth in segments like housing (60-65%), infrastructure (20-25%), commercial and industrial segments (15-20%).

Over the past 5 years, from 2011-12 to 2015-16, demand for cement has grown at a moderate CAGR of around ~4%, largely led by construction of infrastructure and industrial projects, coupled with modest demand from the housing sector and commercial construction. In 2016-17, demand is expected to rise at 5.0-6.0% over a modest base, amidst continued infra spending line-up and modest recovery in housing (especially rural housing on back of expectations of normal monsoons).

Sectoral Mix



End Segment	FY16-FY21
Housing	5.0-6.0%
Infrastructure	10.5-11.5%
Industrial / Commercial	6.5-7.5%

i. Urban and rural housing sector – *Demand to improve post slump in 2015-16*

The housing sector acts as the major demand driver for the cement industry in India, accounting for around 60% of the overall cement demand. The demand from the housing sector is influenced by three factors viz., - per capita income of the rural and urban consumers, government outlay and access to finance. Growth in cement demand from the housing segment over the next five years is expected to be led by increased urbanization, higher government investment in rural and semi-urban housing projects. However, demand from the private housing segment over the next two years is estimated to be muted. This is a sharp divergence from the historical trend wherein cement demand from the housing sector was largely private-led (individual house builders, real estate, promoter housing, etc.), with government housing spend comprising a small proportion.

Increased government focus on Housing over the next 5-6 years, with the Ministry of Housing and Urban Poverty Alleviation planning to provide assistance in the range of Rs 1.0-2.3 lakh per housing unit under its "Housing for All", PMAY mission.

CRISIL Research's forecast on housing relies mainly on government spending. The estimated spend for 40 million households is pegged at Rs 4 trillion (estimated using Rs 3 trillion for 30 million houses from National Gramin Awaas Mission estimates by Government of India). Smart cities mission, a separate government initiative, would also provide funds for affordable housing in 100 cities across the country over the next five years.

ii. Infrastructure Sector - *Demand to be propelled by roads, irrigation and urban infrastructure*

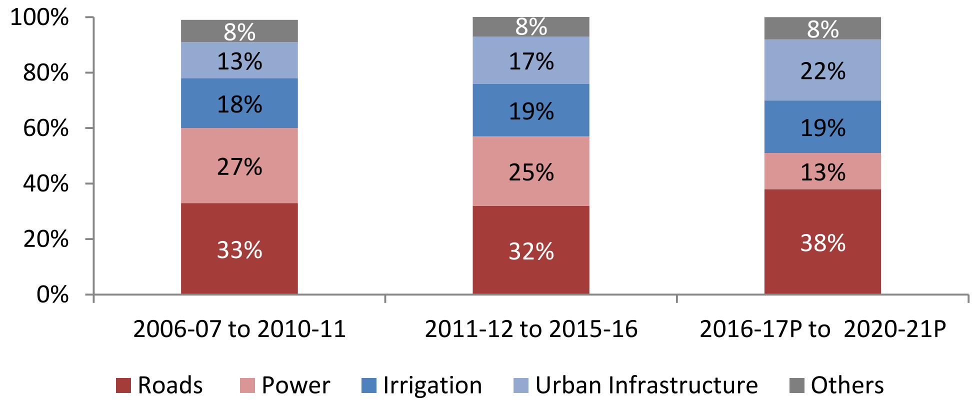
Cement demand from the infrastructure sector is projected to expand about 1.7 times over the next five years. Within the infrastructure space, we expect the share of high-intensity segments such as road, irrigation and urban infrastructure to rise in overall infrastructure cement demand pie.

In the roads sector, an increase in investments in state roads and national highways (2.1 times against last five years), and rising cement intensity of road projects is likely to push up cement demand; use of paver blocks/ concrete tiles, construction of flyovers and other structures has increased cement intensity of road projects. The Ministry of Road Transport & Highways also recently suggested the use of cement over bitumen for road construction.

Urban infrastructure projects are expected to contribute increasingly to demand in infrastructure driven by the government's effort to enhance infrastructure in 100 cities across India under its Rs 480-billion Smart Cities Mission. The mission's focus on water supply, sanitation and solid waste management would propel demand for cement from urban infrastructure segment. Apart from these new metro rail projects in Lucknow, Nagpur, Pune, Vishakhapatnam and Vijayawada, and network expansion in cities such as Delhi, Mumbai, Chennai, Bengaluru, Hyderabad, Kolkata, Kochi and Jaipur would contribute to demand for cement.

CRISIL Research believes that, over the next five years, the construction spend in irrigation will rise sharply to Rs 5,452 billion till 2020-21 compared with Rs 3,488 billion over the past five years (2010-11 to 2015-16). Larger states in south, west and central together form around 75% of total investments in irrigation projects. They are followed by Bihar, Orissa, Jharkhand, Chhattisgarh, Tamil Nadu and West Bengal, which together account for about 13% of the total investments.

Infrastructure – Segment-wise Investments (in %)

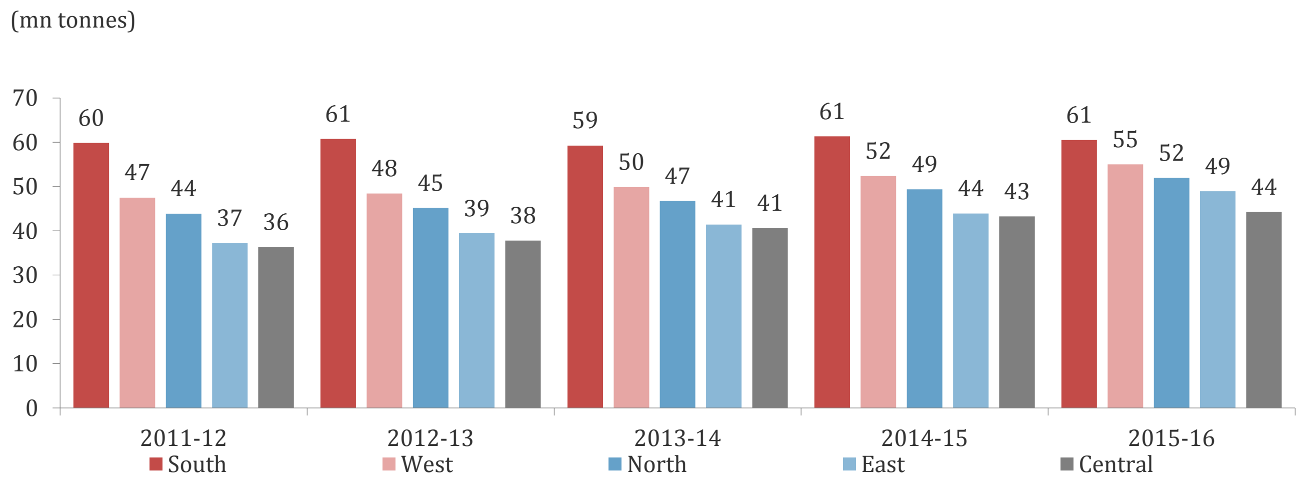


iii. Industrial and Commercial segments - *Moderate demand*

Over the next five years, cement demand from commercial construction projects is forecasted to grow at a moderately healthy pace, as compared to negligible growth during the past five years, primarily led by development of office spaces, hotels, hospitals and educational institutes with state government led initiatives (especially for education and hotels segment), other initiatives like smart city (which envisages to set up a number of commercial complexes, revamp market places, etc.). Demand from industrial construction is expected to remain muted with lower capital expenditure plans in most industrial sectors and some pick up expected only post 2016-17.

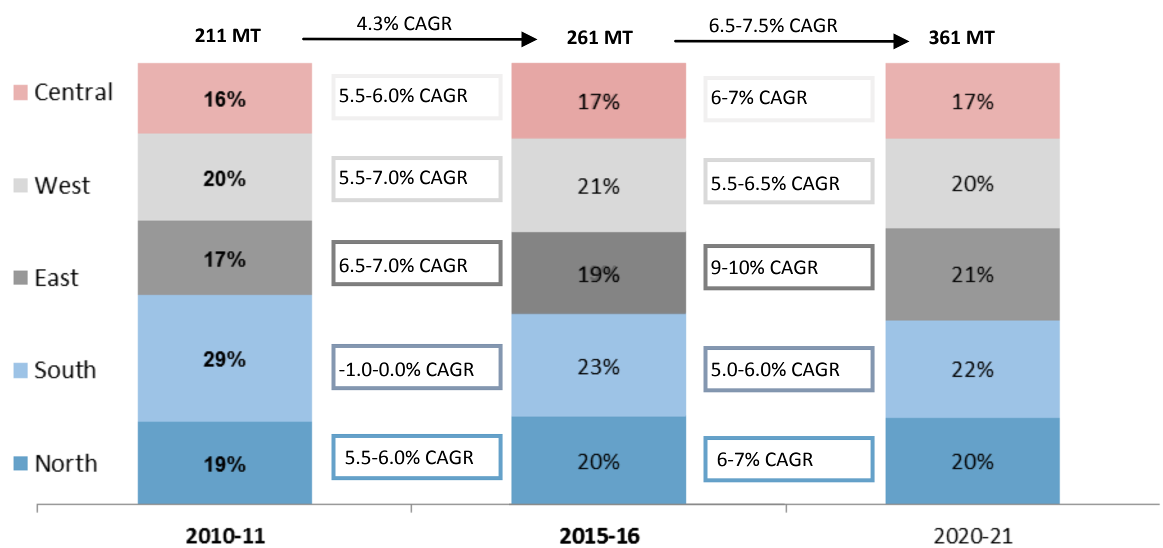
Regional Scenario

Cement is a high-volume and low-value commodity. Transporting cement beyond a distance makes it unviable for end-users, thus making the cement industry largely regional in nature. Cement consumption varies region-wise because the demand-supply balance, per capita income and level of industrial development differ in each state and consequently, in each region.



In 2015-16, the Pan India cement consumption was 261 million tonnes of which the South accounted for the largest share of consumption (around 23%), followed by the West (around 21%), North (around 20%), East (around 19%) and the central region (around 17%).

Region-wide demand trend

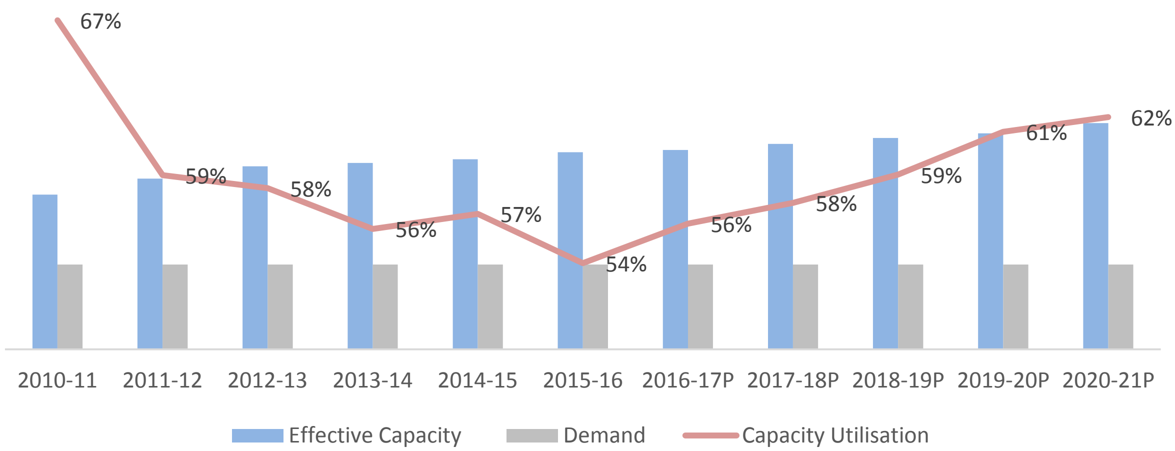


Cement demand in South region (i.e. Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Andaman and Nicobar Islands, and Pondicherry) has been flattish for the last 4-5 years in the absence of major infrastructure projects in the region coupled with realty slump in key markets. As a result, share of south has dwindled from 29% of overall cement demand in India in 2010-11 to 23% in 2015-16.

Expected to witness a significant improvement in H2 on the back of improved rural demand and infrastructure led investments that shall drive some demand recovery in FY17.

After growing moderately at 5.5-6.0% in Q1FY17, demand was largely muted in Q2FY17 due to healthy monsoons which impacted construction activity. Thereby the demand growth for H1FY17 was primarily sedated at 4% y-o-y. However, revival in rural housing post healthy and uniform monsoons coupled with uptick in construction of infrastructure projects especially roads, irrigation projects, and urban infrastructure projects shall support demand in H2FY17. Thereby at an annualized level cement demand is expected to grow at 5-6% y-o-y in FY17

South: Demand revival expected after years of declining to muted demand



While cement consumption is the highest in the South in absolute terms, demand growth has been subdued in the last 5 years mainly on account of political instability in Andhra Pradesh, one of the largest cement-consuming states in the region. However, post the creation of Telangana and political stability in Andhra Pradesh propelled cement demand form the second half of 2014-15. In 2015-16, the demand growth remained moderate at ~2% y-o-y. Cement demand in the region has been primarily driven by increasing focus on housing, especially in rural areas as well as an increase in infrastructure spending, mainly in irrigation projects.

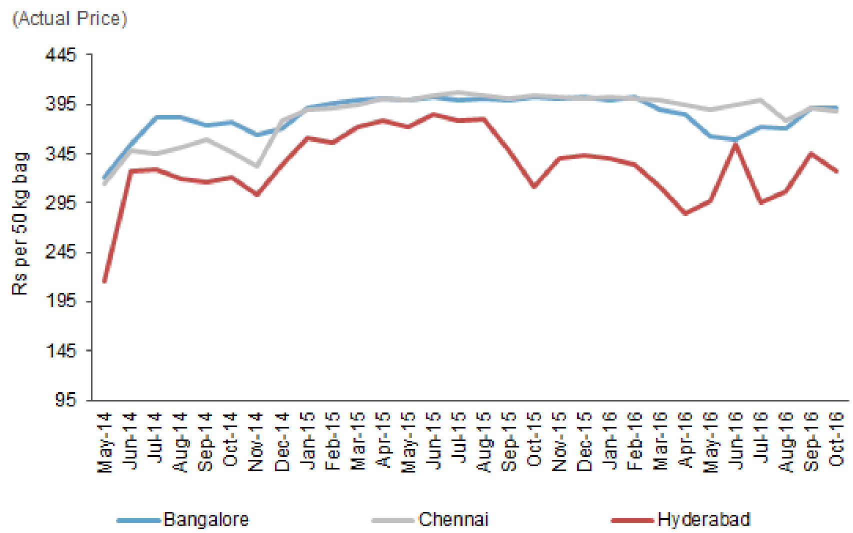
During the last five years (2011-12 to 2015-16E), the south region accounted for the majority of India's cement capacities as the players added large capacities, anticipating significant uptick in demand. Apart from this, abundant availability of limestone, the key raw material for cement, also acted in the region's favour; the region is home to three large limestone clusters - Nalgonda and Yeraguntla in Andhra Pradesh and Gulbarga in Karnataka.

Going forward, CRISIL Research anticipates a sedated run-rate of new capacity additions on back of imbalanced demand-supply situation gaining some traction over next few years.

Key growth drivers

- Demand improves post the formation of Telangana on account of 2-BHK housing scheme and demand from infrastructure projects especially roads and irrigation projects.
- Double digit high growth in Andhra Pradesh driven by development of commercial and government infrastructure in Amarawati.
- States with poor growth in the past such as Tamil Nadu and Karnataka are expected to witness some upward bias on back of growth in some pockets such as North Karnataka.

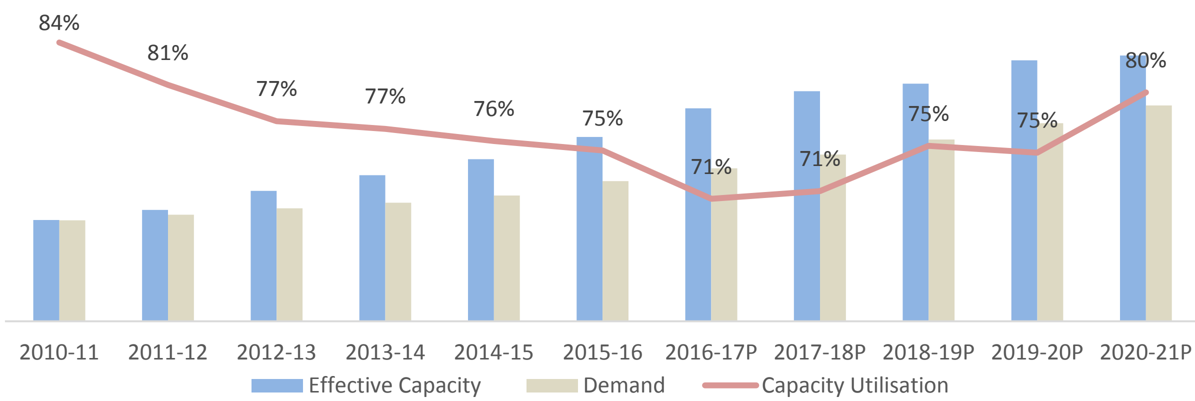
Price trend in South region



As per CRISIL Research South region, especially Andhra Pradesh is expected to register some increase in price with revival in demand from construction of capital Amarawati.

East - Robust growth on back of state government induced investments

Cement demand in the eastern region (i.e. West Bengal, Odisha, Chhattisgarh, Bihar, Jharkhand, Meghalaya, Assam, Arunachal Pradesh, Sikkim, Mizoram, Nagaland, Tripura and Manipur), has grown the fastest over last five years. It has witnessed a robust double digit growth of 11-11.5% in 2015-16 and accounted for 19% of overall cement demand in India; up from 17% in 2010-11. Growth was driven largely by state government induced investments across physical and social infrastructure sector (including rural housing as well). Further industrial and commercial sectors also exhibited high growth especially in the states of Odisha, Jharkhand and Chhattisgarh. Large states like West Bengal also witnessed stable growth; albeit at a slower pace.



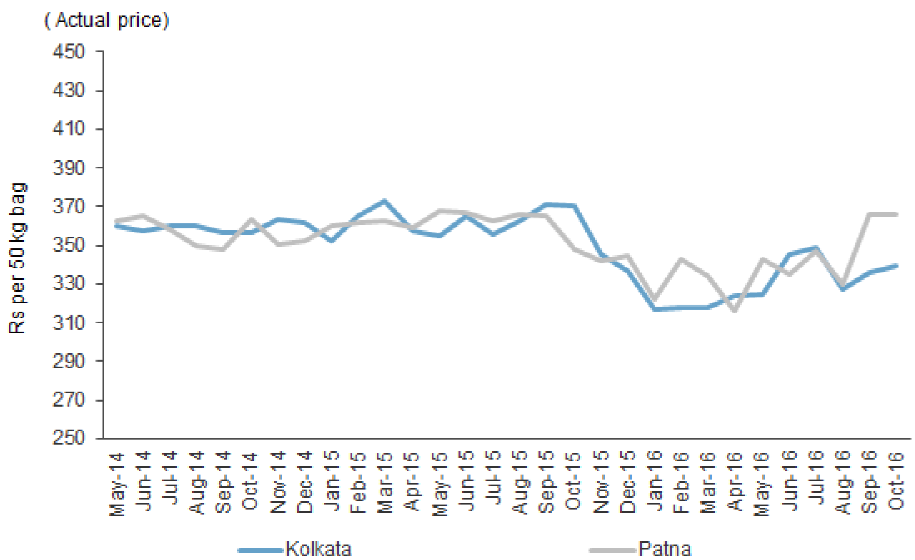
On a regional basis, the region continued to outperform others in terms of demand growth in H1FY17, registering a growth of 8-9%. While demand in Bihar remained flat in lieu of significant decline in infrastructure activity, demand in other states such as Odisha, West Bengal etc. grew by a healthy double-digit particularly in Q1.

In long term CRISIL Research expects cement demand in the east to outpace most other regions at 9-10% CAGR, from 2015-16 to 2020-21 against 6.5-7.0% CAGR recorded in the previous corresponding five years period.

Key growth drivers

- States such as Odisha (Biju Pacca Ghar scheme), West Bengal (focus on rural roads), are expected to maintain healthy growth, leading to regional growth of 8.5-9.5% in FY17.
- An uptick in infrastructure investments is also expected via some of the key projects such as
  - Eastern dedicated freight corridor in Bihar, Jharkhand and West Bengal;
  - Metro projects in Kolkata, Patna, Ranchi;
  - Smart city related development in Odisha (Bhubaneswar), West Bengal (Newtown Kolkata), Jharkhand (Ranchi), Bihar (Bhagalpur), Chhattisgarh (Raipur);
  - Several other road and highway projects; etc.
- Industrial demand also expected to be healthy on back of investments by government and private players in IT/ ITeS, railways, power and steel.

Price trend in East region



As per CRISIL research, East region is expected to lead the growth as cement demand improves post festival season

Impact Analysis

Union Budget 2016-17 - *Budget positive for infrastructure and housing*

Impact factors

A. Following budget proposals to help real estate and aid housing demand

- Deduction on interest for first-time home buyers enhanced to Rs 2,50,000 from Rs 2,00,000 per annum
- 100% deduction on profits made by undertaking specific housing projects (valid only for flats up to 30 sq metres in four metro cities and 60 sq metres in other cities),
- Exemptions from service tax on construction of affordable houses (those up to 60 sq metres under any scheme of the Central or a state government

B. Following proposals to boost demand from infrastructure:

- Investment towards national highways increased 49% to Rs 1,032 billion (budgetary allocation + internal and extra-budgetary resources)
- Government to spend Rs 170 bn for irrigation projects under its Accelerated Irrigation Benefit Project
- Outlay for urban infrastructure increased 11% to Rs 166 billion

C. Exemption of ready-mix concrete manufactured at the site of construction from excise duty to make it more competitive to concrete manufactured at site

D. Doubling of clean energy cess on coal (domestic and imported) to Rs 400 per tonne to increase power and fuel costs by 1%; operating costs to increase at muted 0.2%. Overall, profitability to remain intact as the players pass on the increase in costs amid price increases.

BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward Looking Statements" for a discussion of the risks and uncertainties related to those statements and also the section "Risk Factors" for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year.

The financial figures used in this chapter, unless otherwise stated, have been derived from our Company's audit reports for the relevant years.

Overview

We are one of the prominent mid-sized cement manufacturers of India focused on the key markets in southern India and Maharashtra in western India. We are one of the leading players in southern India having market presence in the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. Our Company owns and operates its integrated unit for production of cement located at Mattampally, Nalgonda district, Telangana and a grinding unit situated at Bayyavaram, Andhra Pradesh. Our wholly owned subsidiary, BMM, owns and operates its integrated unit for production of cement located at Gudipadu, Anantapur district, Andhra Pradesh.

Our Company commenced its cement manufacturing operations in the year 1985 with an installed capacity of 66,000 TPA with one production plant by setting up a dry process mini cement plant with single stream 200 TPD dry process rotary kiln and suspension pre-heater having an overall installed capacity of 66,000 TPA of ordinary portland cement. Our Company's installed capacity has since increased to 3.2 million MTPA and an increase in our clinker capacity from 66,000 TPA in 1982 to 2.80 million MTPA presently. Our Company manufactures the following varieties of cement, namely, ordinary portland cement ("**OPC**") of 53 grade, 43 grade, portland pozzalona cement ("**PPC**"), sulphate resistant cement ("**SRC**") and portland slag cement ("**PSC**"). Presently, we manufacture Ordinary Portland Cement (OPC), Pozzolanic Portland Cement (PPC) and Sulphate Resisting Portland Cement (SRC) through our facilities at Mattampally and Gudipadu. We have commenced production of PSC pursuant to our acquisition of the Bayyavaram unit. Our facilities have a total installed capacity of 4.2 million MTPA and captive limestone reserves and resources of approximately 900 million tonnes. We have been in the business of cement manufacturing for over three decades and earned brand recognition for consistent product quality, customer satisfaction and marketing network. During Fiscal 2016, our Company acquired BMM Cements Limited which operates its sole cement production unit at Gudipadu having an installed capacity of 1 million MTPA and 25MW gross captive power plant that not only complimented our existing business profile (including freight optimization) but also increased our share of revenues from Tamil Nadu and Karnataka. Additionally, our Mattampally unit has railway sidings at the production site that enables it to access the railway network directly and reduces our transportation costs. We have an extensive distribution network comprising of over 1,950 dealers, distribution agents and consignment agents.

Our Company's products are marketed under the 'Sagar Cement' brand name. We sell our products primarily to purchasers located in south India, viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala and other regions of India including Maharashtra and Orissa.

Our Company and our Subsidiary are certified as ISO 9001:2008 for conforming to the quality management system standard, ISO 14001:2004 for conforming to the environmental management system standard and OHSAS 18001:2007 for conforming to the occupational health and safety management system standard for manufacture of clinker and cement. All our products comply with the quality standards specified by the Bureau of Indian Standards ("**BIS**"). Our testing laboratory at our Mattampally unit is NABL certified.

Our Company is led by a first generation entrepreneur Mr. Sammidi Veera Reddy under whose leadership our total revenues has grown, on a standalone basis, from ₹ 1,828.60 lakhs in Fiscal 1992, when he was appointed as the Managing Director, to ₹ 64,999.85 lakhs in Fiscal 2016.

Our Company operates an integrated cement manufacturing facility at Mattampally in the Nalgonda District, Telangana, which is located approximately 220 kilometres from Hyderabad, Telangana. Nalgonda District is a repository of high-quality limestone which is an essential raw material for the manufacture of cement. We presently operate two limestone mines situated near our Mattampally unit, and one limestone mine situated near our Gudipadu unit through BMM, having an aggregate resources and reserves of approximately 326 million tonnes. In addition, we are in the process of obtaining the necessary approvals for additional limestone mining near our Mattampally unit, which will increase our available total resources and reserves to approximately 900 million tonnes].

Our production units at Mattampally and Gudipadu each consist of a six stage pre-heater and pre-calciner. All our production units are fully automated having end–to–end monitoring capabilities. Our integrated cement production unit at Mattampally is also equipped with a fully automated, robotic based laboratory for quality control. Our production units at Mattampally and Gudipadu are equipped with emission control systems such as reverse air-bag house (RABH), electrostatic precipitator and dust collectors to minimize pollution and to provide a dust-free environment at our manufacturing units.

Our production units are well connected by road and rail, with each of our cement units connected to both the national highway and the national railway networks. The Mattampally unit has railway sidings at the production site that enable it to access the railway directly and reduces our transportation costs. Our Gudipadu unit is located only approximately 10 kilometres away from the nearest railway station. We believe we have a well-developed distribution network for cement in the regional markets that we presently operate in, complemented by about 55 godowns and more than 1,950 dealers, distribution agents and consignment agents.

We believe that the cement-grade quality limestone reserves which we have access to are suitable for production of cement products. Our limestone mines are located at Mattampally, Telangana and Gudipadu, Andhra Pradesh.

Our key strategies are focused on cost savings and expanding our product portfolio. Pursuant to our strategies to reduce the manufacturing expense, we are in the process of setting up a 6MW gross capacity wastage heat recovery captive power plant and plan to set up a 15MW gross capacity coal based captive power plant at our existing production facility at Mattampally. The power projects are expected to provide us access to 21 MW of gross captive power sources which we believe will provide us with power equivalent to approximately 75% of our requirements at our Mattampally unit. We believe that the proposed power generation unit will enable us to generate power at cost that is expected to be lower than our current cost, and enable us to compete more effectively.

In addition, we have recently expanded our product portfolio by introducing production of PSC consequently expanding our presence in additional regional markets. Our acquisition of the grinding unit at Bayyavaram, Andhra Pradesh has led to introduction of PSC to our product portfolio. For further information in relation to the acquisition of the grinding unit at Bayyavaram and on the captive power plant we plan to setup at our Mattampally unit, please refer to the section titled "*Recent developments*" below.

As on December 31, 2016, our Company has about 627 permanent employees (including 137 permanent employees of our wholly owned subsidiary BMM Cements Limited) and about 938 contract labourers from time to time in such numbers as may be required. Besides S Sreekanth Reddy, executive director, who is a cement technologist, we also have several technical experts in the cement manufacturing process who are permanent employees of our Company and BMM. We have never experienced any material losses or significant work stoppages as a result of disputes with our employees.

We have a strong marketing network across geographies for sales and marketing. As on December 31, 2016, we have a strong network of over 1,950 dealers, distribution agents and consignment agents besides direct institutional sales. With an objective to reach out to dealers, we organise dealers' meet during our product launch, new developments and other initiatives. We have long-standing relationships with several domestic players and have been recognized as approved suppliers for the products manufactured by us.

Following are the details of installed capacity, capacity utilisation and production for the last 3 Fiscals 2016, 2015 and 2014 respectively:

Particulars	Fiscal 2016*	Fiscal 2015	Fiscal 2014
Installed Capacity (MTPA)	39,90,000	27,50,000	26,96,500
3 Year CAGR	13.95%	-	-
Capacity Utilisation	49.24%	56.42%	52.66%
Production (MTPA)	19,64,763	15,51,598	14,19,943
3 Year CAGR	11.43%	-	-

** consolidated basis*

Our Company's audited financial performance during the last three Fiscals and unaudited financial results as of and for the nine months period ended December 31, 2016 are as below:

(₹ in lakhs)

Particulars	Nine months ended December 31, 2016*	For the Fiscal		
		2016*	2015	2014
Total Revenue**	58,204.15	75,749.94	91,109.58	50,675.46
EBITDA	8,667.33	12,808.44	42,265.57	1,912.94
EBITDA Margin	14.89%	16.91%	46.38%	3.91%
PAT	(74.88)	4,610.34	29,665.17	(2,558.11)
PAT Margin	-	6.09%	32.56%	-

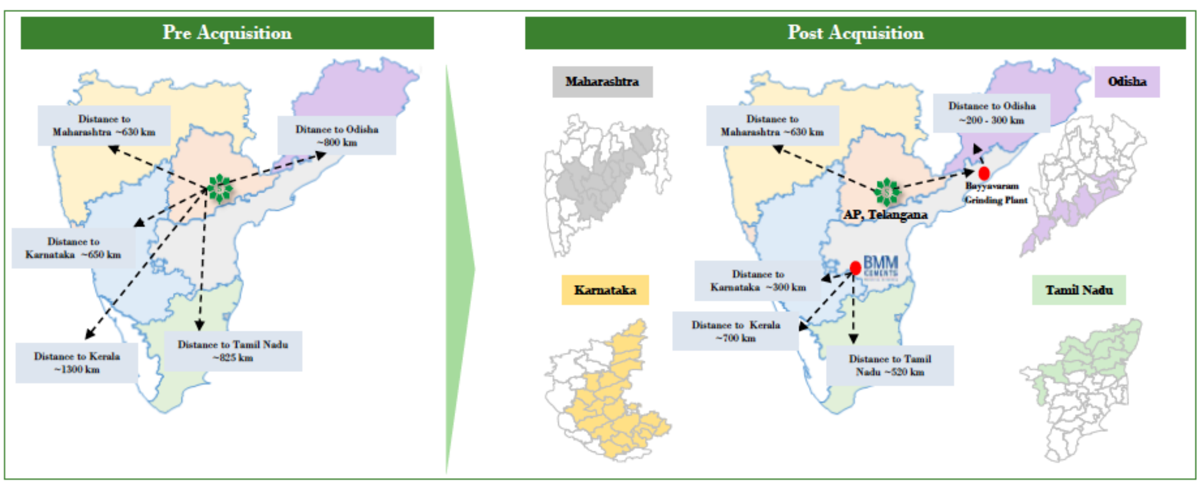
** on consolidated basis*
*** net of excise duty*

Recent developments

Acquisition of Bayyavaram unit

Our Company has acquired a grinding unit at Bayyavaram, Andhra Pradesh having a grinding capacity of 0.2 million MTPA which the Company has proposed to take it to 1.5 million MTPA. The Bayyavaram unit has not only led to an increase in our grinding capacity but also led to introduction of PSC to our product portfolio.

Further, the acquisition of the grinding unit at Bayyavaram is expected to provide access to eastern India region especially the southern Odisha market.



Setting up of a waste heat recovery power plant

Our Company is in the process of setting up a waste heat recovery power plant having a gross generation capacity of 6 MW at its Mattampally unit.

Setting up of coal based captive power plant at Mattampally unit

Our Company is planning setting up of a 15MW gross capacity captive coal based power generation plant compatible with all varieties of coal at the Mattampally unit.

Competitive strengths

We believe that the following are our core competitive strengths:

Proximity to large reserve of cement grade limestone mines and other raw materials

Our two limestone mines that feed to our Mattampally unit have mineral reserves and resources of approximately 198.59 million tonnes. Our limestone requirements for the Mattampally unit for the Fiscals 2014, 2015 and 2016 have been 1.73 million tonnes, 1.98 million tonnes and 1.82 million tonnes, respectively. In addition, we are in the process of obtaining the necessary approvals for additional limestone mine, which will increase our total mineral reserves and resources to approximately 900 million tonnes.

Attributing to the cement grade quality of the limestones, we do not incur any costs associated with purchase of sweeteners to improve the quality of our limestone. This results in a cost saving advantage on our operations. Further, our manufacturing units both at Mattampally and Gudipadu are in close proximity to our limestone reserves which directly results in a cost advantage in terms of transportation costs.

Additionally, our requirement of coal is met through procurement from the Singareni colliery located in the state of Telangana which is approximately 200 kilometres away from our Mattampally unit. The remaining coal requirement is met through purchase of imported coal which is procured from the port city of Vishakhapatnam and Krishnapattnam near Nellore.

Manufacturing units – strategically located

All our production units are located in the states of Andhra Pradesh and Telangana which provides us a significant locational advantage considering that our significant revenue, on a consolidated basis, is generated from sales in the states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Maharashtra. Our production units are well connected by road and rail, with each of our cement production units connected to both the national highway and the national railway networks. The Mattampally unit has railway sidings at the production site that enable it to access the railway directly and reduces our freight and forwarding costs. Our Gudipadu unit is located only approximately 10 kilometres away from the nearest railway station.

Logistics is one of the key elements of our total expenses. Our expenditure on freight and forwarding during Fiscal 2014, Fiscal 2015 and Fiscal 2016 was ₹ 10,585.56 lakhs, ₹ 10,856.90 lakhs and ₹ 10,056.41 lakhs, comprising 19.45%, 20.37% and 17.39% of our total expenses on standalone basis, respectively. Our expenditure on freight and forwarding during the Fiscal 2016 was ₹ 12,048.43 lakhs comprising 17.09% of our total expenses on a consolidated basis. Generally, margins are inversely proportional to distance from the manufacturing facility to the markets. Being located close to our key markets such as Andhra Pradesh, Telangana, Tamil Nadu and Karnataka helps us incur low transportation expenses. Further, Andhra Pradesh shares a land border with Odisha, which is one of the major cement consuming states in the eastern India region.

Access to principal raw materials / components of the manufacturing process, namely limestone and power

The key ingredient in our manufacturing process is limestone. We have our own limestone mines at our production unit sites at Mattampally and Gudipadu.

Our cement production units presently require approximately 46.50 MW of power. Power required for the manufacturing process at Mattampally unit is sourced partially from our captive unit of BMM of 25 MW of gross power generation capacity and the rest from the state power grid. While the production unit at Gudipadu sources its entire power requirements of 12 MW from its captive power plant, the surplus power is primarily transmitted to our Mattampally unit through the state power grid besides supplying power to the Telangana State Power Coordination Committee/Southern Power Distribution Company of Telangana Limited. We expect that after the commissioning of the 6 MW WHR power generation plant and the 15 MW coal based captive power plant, we will have a gross power generating capacity of 46 MW which would reduce our dependence on the state power grid and consequently leading to reduction in our expenses on account of purchase of power.

Quality of products and on-site quality testing facility

Both our production units at Mattampally and Gudipadu are fully automated. Our production unit at Mattampally is equipped with a fully automated, robotic based, NABL certified laboratory for quality control. The automated process and robotic quality testing facilities help us monitor and control the production process on a real time basis to achieve consistent requisite quality of production thereby resulting in conservation of energy and raw materials. The fully automated system allows us to monitor on a continuous basis our production machinery aiding higher plant availability factor. Both our production units at Mattampally and Gudipadu are equipped with emission control systems such as reverse air-bag house (RABH), electrostatic precipitator and dust collectors to minimize pollution and to provide a dust-free environment at our manufacturing units.

Experienced Promoter and Senior Management Personnel

Our Promoter have played a key role in developing our business and we benefit from their significant experience in the cement production business. Our Board comprises of Directors who have extensive experience in the cement industry setting up and managing companies in the cement and construction industries and in the finance sector. Our executive director, S Sreekanth Reddy, who holds a Bachelor's degree in engineering in (Industrial & Production Engineering) from the Karnataka University and is involved in our day to day operations. We also have a qualified key management team who assist the Board in implementing our business strategies and identifying new opportunities for furthering the growth of our Company and have experience in the cement industry, including in the areas of manufacturing, quality control, sales, marketing and finance. We believe that the cement manufacturing domain knowledge and experience of our Promoter and our Senior Management Personnel provides us with a significant competitive advantage as we seek to grow in our existing markets and enter new segments and regional markets.

Our Company has been operational for over 35 years. Our Promoter and Senior Management Personnel have substantial work experience in the cement manufacturing industry and all our Senior Management Personnel have been associated with the Company for nearly a decade or more.

For further details of our Senior Management Personnel, please refer to chapter titled '***Board of Directors and Senior Management***' beginning on page 132.

Extensive sales and distribution network

We believe that we have a wide sales and distribution network capable of successfully marketing our products. As our cement products are marketed regionally, we focus our sales and distribution mainly in the states of Andhra Pradesh and Telangana, Karnataka, Tamil Nadu and Maharashtra. As of December 31, 2016, our sales division which comprises of about 94 employees which constitutes about 14.99% of our total employee strength. In addition, our distribution network comprises of over 1,950 dealers, distribution agents and consignment agents.

We have long-term relationships with our dealers, distributors and consignment agents, who are mostly local entrepreneurs. We believe this gives us a unique advantage in providing us with intimate knowledge of the demands and needs of customers in the regional markets where our sales team is present and operates. Through our network of sales team and dealers, we are able to reach a wide base of customers in the markets in which we operate. We believe that the extent of this network, and our relationships with our dealers, enables us to market and distribute our cement widely and efficiently.

Efficient operational performance

Our Company has an EBITDA margin of 16.91% for the Fiscal 2016 and an EBITDA margin of 14.89 % for the nine months ended December 31, 2016, each on a consolidated basis. Our Company believes it is able to operate at these levels of operating efficiency due to its technical base, cost management initiatives such as freight optimizations with the introduction of railway sidings at our Mattampally unit, the quality of its manufacturing facilities and its marketing and distribution network. Our Company has also implemented measures such as installation of a secondary crusher and a vertical roll pre-grinder at our Mattampally unit which has led to increase in efficiency of our manufacturing unit. Additionally, we have installed variable frequency drives (VFDs) to optimize power consumption at our Mattampally unit and the Gudipadu unit.

Our strategies

Short term strategies

Expanding market by increasing grinding capacity

Our grinding mills' installed capacity at our cement production units is 4.2 million MTPA. We intend to increase this capacity to 5.5 million MTPA by way of increasing the capacity of our Bayyavaram unit. We believe that our acquisition and proposed expansion of the Bayyavaram unit would enable us to expand our sales in the eastern India region. The cost of freight and forwarding of cement accounted for 28.03% of our total manufacturing expense on a consolidated basis in the Fiscal 2016. In order to avoid significant costs of setting up an integrated cement production unit and to be able to expand our market, we believe that the acquisition of the Bayyavaram unit will enable us to reasonably reduce the cost of transportation to cater to the eastern India market. Therefore, by acquiring a cement grinding unit in the eastern part of India, we believe that we will be able to penetrate the eastern India region, in the longer run, with no significant increase in our operational costs.

Energy efficiency and cost optimization

The cost of power accounted for 10.89% of our total expenditure in the Fiscal 2016 and 6.77% of our total expenditure in the nine months ended December 31, 2016, each on a consolidated basis. We currently rely on power provided by the state electricity board and other sources such as through the energy exchanges. One of our key strategic objectives is to reduce our cost of power. To this effect, we are in the process of implementing a waste heat recovery ("**WHR**") power generation unit of 6 MW gross capacity and a coal based power generation unit of 15 MW gross capacity at our Mattampally unit. We believe that our WHR power generation unit will help reduce our power costs. Our Company has also implemented measures such as installation of a secondary crusher and a vertical roll pre-grinder at our Mattampally unit which has led to increase in efficiency of our manufacturing unit. Additionally, we have installed variable frequency drives (VFDs) to optimize power consumption at our Mattampally unit and the Gudipadu unit.

Medium and Long Term Strategies

Focus on inorganic growth

Our Company has acquired BMM in the Fiscal 2016 which has led to a direct increase in our production capacity by 1 million MTPA and further increased our mining resources. Additionally, our acquisition of BMM has not only allowed us to cater to new markets in southern India region through shorter lead distances but also led to optimization of freight and power costs. More recently, our Company recently acquired a grinding unit at Bayyavaram, Andhra Pradesh. The Bayyavaram unit is expected to directly increase in our grinding capacity and also help introduce PSC to our product portfolio. Further, the acquisition of the Bayyavaram unit is expected to provide access to eastern India region especially the southern Odisha market.

Pursuant to our growth strategy, the strategic investments and acquisitions of businesses in our industry may further play a significant role to grow our business. We believe that our effort at diversifying into new markets and products can be facilitated by investing in similar business opportunities or acquiring established business with market share or growth potential, whose operations, resources, capabilities and strategies are complementary to our Company. As on the date of this PPD, we have not identified any strategic investment or acquisition opportunities and we seek to enter into any such acquisition on an opportunistic basis.

Leveraging our existing capacity through improvements in production efficiency

At present, our consolidated installed annual cement manufacturing capacity is 4.2 million MTPA. However, in Fiscal 2014, Fiscal 2015 and Fiscal 2016 our annual production was 2.42 million MTPA, 2.55 million MTPA and 2.96 MTPA of cement, constituting an annual capacity utilisation of 52.66%, 56.42% and 49.24%, respectively. We believe that there is further scope of leveraging efficiency levels at our existing production units.

Promoting the 'Sagar Cement' brand

Our Company engages in various activities to promote its brand 'Sagar Cement' by way of wall paintings, advertisements in newspapers, advertisement through hoardings and on public transport. We also organize dealer meets where we provide information to our dealers/customers about the strengths of our product. We also obtain feedback from our dealers and customers to further improve our marketing strategy. Our sales and marketing team also directly approaches contractors and builders to promote our products.

Strengthening and expanding our distribution network

In order to improve our market share, we intend to continue to focus on expanding of our distribution network. We continuously seek to add additional dealers and retailers to our sales and distribution network, and to further strengthen our relationships with the existing dealers and retailers that carry our cement products. In order to enhance our relationships with dealers, we undertake programs to provide training and advice on marketing and sales techniques and technical applications of cement products. Our sales team generally meet with retailers and potential end users of our cement products to educate them about the diverse uses of cement, as well as more traditional uses of various varieties of cement that we produce.

Description of our Business

Our business comprises production and supply of various varieties of cement.

Our product portfolio, sales and distribution

Our Company is engaged in the production of a variety of cement products. Cement is the key ingredient in concrete, the primary building material in the industrial and residential construction sectors. Cement acts as the binding agent, which when mixed with sand, stone or other aggregates and water, produces either ready mixed concrete or mortar. Mortar is the mixture of cement with sand and water, and ready-mixed concrete is the mixture of cement with sand, gravel or other aggregates and water.

Varieties of cement

We produce and sell cement, manufactured using clinker produced in our cement production units as well as other ingredients procured from various local suppliers. Our primary products of cement are:

1. Ordinary Portland Cement ("**OPC**")
   a) Ordinary Portland Cement – 53 Grade ("**53 Grade OPC**");
   b) Ordinary Portland Cement – 43 Grade ("**43 Grade OPC**");
2. Portland Pozzolona Cement ("**PPC**");
3. Sulphate Resisting Portland Cement ("**SRC**"); and
4. Portland Slag Cement ("**PSC**").

1) Ordinary Portland Cement

OPC is produced by grinding a mixture consisting of 95% cement clinker prepared in a rotary cement kiln along with 5% gypsum. OPC is graded on the basis of its strength. Based on the compressive strength, which is expressed in mega pascals, OPC may further be classified as 43 Grade OPC and 53 Grade OPC. The grade indicates the compression strength, which is expressed in mega pascals (mpa), of the concrete that will attain after 28 days of setting. The range of applications, the physical and chemical requirements of the BIS and strength of OPC are discussed below.

a) 53 Grade OPC

53 Grade cement is used for fast paced construction where initial strength is to be achieved quickly. This grade of cement is widely used in plain and reinforced cement concrete, masonry and plastering, for bridge piers, pre-stressed girders and electric poles, concrete pipes, pre- cast concrete, pre- stressed concrete, slip formed concrete, tall building and structures, R.C.C bridges, for cement concrete roads, for structural repairs and grouting, pre-stressed works, precast element, bridges, atomic power stations, railway sleepers, silos RCC pipe etc.

b) 43 Grade OPC

This grade of cement is widely used for all general and semi-specialized constructions like columns, beams, slabs and all structural works, manufacture of concrete blocks and tiles, brick and stone masonry, plastering and flooring, plain and Reinforced Cement Concrete (RCC), precast, pre stressed slip formed concrete jobs, and commercial buildings, industrial constructions, multi- storied complexes, cement concrete roads, heavy duty floors etc.

2) Portland Pozzolona Cement

PPC is blended cement produced by the addition of pozzolanic materials, primarily, fly ash to clinker. Typically, PPC production is attributed by higher margins as compared to OPC on account of lower cost of production. PPC cement is widely used in mass concrete works like dams, spillways, retaining walls, all types of RCC work, underground structures, bridges, general building works, hydro- power stations etc. The production process for PPC is similar to that of OPC with the exception of addition of fly ash, the pozzolonic material which is generally used, being mixed with clinker in the cement mill stage of production. The fly ash content of PPC produced by our Company is generally between 33% and 35%.The use of fly ash enables cement to be produced by lower utilization of clinker thereby resulting in mineral and energy conservation. Additionally, fly ash, being a waste product of the coal fired power plants, is generally available at a significantly lower cost as against the cost of production of clinker. Our Company generally procures fly ash from nearby thermal power plants for its production unit at Mattampally.

3) Sulphate Resisting Portland Cement

SRC is a type of portland cement in which the amount of tricalcium aluminate (C_3A) is restricted to lower than 5% and (2 C_3A + C_4AF) is lower than 25%. SRC can be used for structural concrete wherever OPC or PPC or slag cement is usable under normal conditions. The use of SRC is particularly beneficial in such conditions where the concrete is exposed to the risk of deterioration due to exposure to mineralized water containing sulphates. SRC also has lower heat of hydration and slower hardening properties. Use of a low water-to-cementing-materials ratio and low permeability are critical to the performance of any concrete exposed to severe sulphate attacks. Like other portland cements, it is not resistant to acids and other highly corrosive substances. Moderate and high-sulphate-resistant cements are used in situations where concrete is exposed to soils high in sulphate content.

Some of the applications of SRC include:

- Foundations, piles;
- Basements and underground structures;
- Sewage and Water treatment plants;
- Chemical, Fertilizers and Sugar factories;
- Food processing industries and Petrochemical projects;
- Coastal works;
- Construction of building along the coastal area within 50 km from sea.

4) Portland Slag Cement

Portland Slag Cement, commonly known as PSC, is a type of blended cement which requires a mix of slag to clinker for its production. Slag is primarily a by-product of steel manufacturing process. PSC is created with a combination of slag with clinker and gypsum. PSC is typically considered a suitable cement for mass construction because of its low heat of hydration. Some of the applications of PSC include:

- All types of residential, commercial and industrial projects;
- Dams and other mass concrete works;
- Water retaining structures;
- Concrete roads and flyovers;
- Most suitable for marine constructions;
- Pre-cast concrete products;
- Foundations and piles construction.

Production facilities

Our facilities are strategically located to allow us easy access of limestone deposits. As of December 31, 2016, we have employed about 332 permanent employees across our production facilities. Across our production facilities at Mattampally and Gudipadu, quality assurance controls are incorporated into the various stages of the manufacturing process which are in compliance with international standards, such as ISO 9001, ISO 14001 and BS OHSAS 18001. The following table sets forth our production details:

Particulars	Fiscal 2016*	Fiscal 2015	Fiscal 2014
Installed Capacity (MTPA)	39,90,000	27,50,000	26,96,500
Capacity Utilisation (%)	49.24%	56.42%	52.66%
Production (MTPA)	19,64,763	15,51,598	14,19,943

** on a consolidated basis*

The following table sets forth our production of OPC, PPC and SRC for the periods indicated:

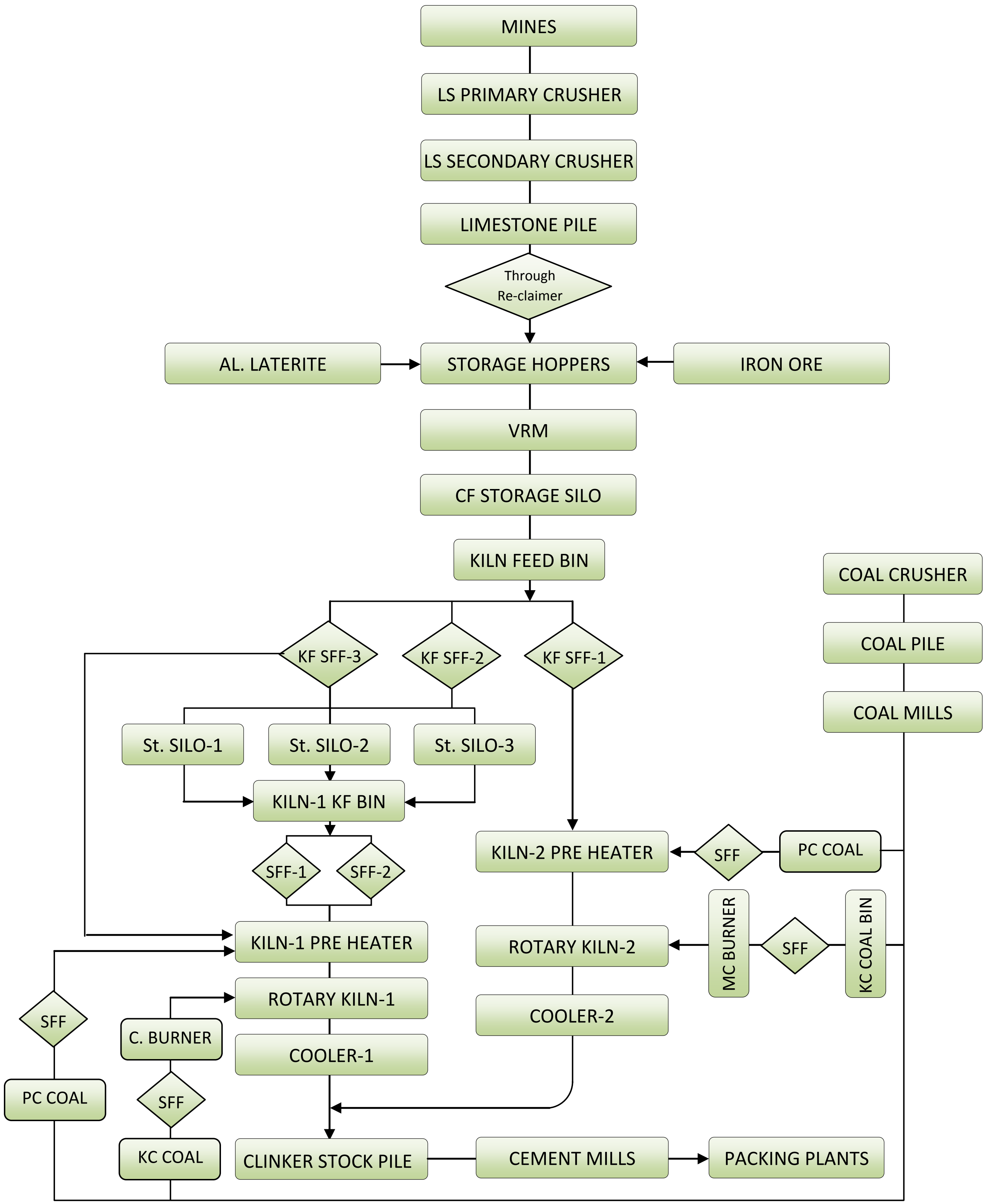
(Production figures in MTPA)

Particulars	Fiscal 2016*	Fiscal 2015	Fiscal 2014
OPC 43 Grade	1,60,288	1,42,319	1,25,005
OPC 53 Grade	11,95,944	8,45,353	8,42,620
PPC	5,93,986	5,45,269	4,17,066
SRC	14,545	18,657	35,252
Total	**19,64,763**	**15,51,598**	**14,19,943**

** on a consolidated basis*

Cement production process

The cement manufacturing process involves four distinct stages.


MINES
LS PRIMARY CRUSHER
LS SECONDARY CRUSHER
LIMESTONE PILE
Through
Re-claimer
AL. LATERITE
STORAGE HOPPERS
IRON ORE
VRM
CF STORAGE SILO
KILN FEED BIN
COAL CRUSHER
COAL PILE
COAL MILLS
KF SFF-3
KF SFF-2
KF SFF-1
St. SILO-1
St. SILO-2
St. SILO-3
KILN-1 KF BIN
SFF-1
SFF-2
KILN-2 PRE HEATER
SFF
PC COAL
MC BURNER
KC COAL BIN
KILN-1 PRE HEATER
ROTARY KILN-2
SFF
ROTARY KILN-1
COOLER-2
SFF
C. BURNER
COOLER-1
PC COAL
SFF
KC COAL
CLINKER STOCK PILE
CEMENT MILLS
PACKING PLANTS

The major stages involved in manufacturing cement by the dry process are described as follows:

a) Mining

Limestone mining involves drilling, blasting, loading and transportation. In limestone mining, the quality of the input is assessed and compared with the exploration reports prepared earlier. After blasting, the limestone is extracted in sizes of up to 1000 mm and transported for crushing in smaller pieces.

b) Crushing

Limestone is crushed after being mined to make smaller pieces suitable for machine transportation and stacking. At the crushing plant, a series of crushers and screens reduce the limestone rocks of about 1000 mm to a size less than 50 mm. The crushed material is stored in linear stockpiles for further processing.

c) Raw mix preparation - Grinding

Limestones along with other additive materials such as shale, clay and iron ore are crushed and stored in separate linear stockpiles are extracted and transported to hoppers. Each of the raw materials are further extracted from the hoppers in desired proportions and fed to the vertical roller mill to make raw meal. Raw meal grinding is carried out along with drying process thereby producing very fine raw meal powder of desired chemical composition in sizes of up to 90 microns. The waste gases from the kiln is utilized for the drying of the raw meal.

d) Storage and blending

The ground raw meal from the vertical roller mill is stored in large capacity vertical continuous blending cum storage silo where it is pneumatically blended to ensure a uniform chemical composition. The homogenized mixture is then fed to the pre-heater.

e) Procurement of coal

Parallel to preparation of raw meal, fuel preparation is carried out. Typically, solid fuels such as coal, pet coke and the like are utilized which are either sourced from the domestic market or procured from traders of imported coal. Our requirement of coal is met through procurement from the Singareni colliery located in the state of Telangana which is approximately 200 kilometres away from our Mattampally unit. We also procure imported coal which available at the port cities of Vishakhapatnam and Krishnapattnam. They are then blended together to achieve a uniform heat value.

f) *Coal crushing and grinding*

The blended coal of sizes of upto 200 mm are fed to the coal crushers and reduced to sizes of up to 25 mm during this process. This crushed coal is further fed to vertical roller mills / ball mills and ground to sizes of up to 75 microns. Upon being ground to fine powder, the processed coal is stored in intermediate vertical hoppers.

g) Pre-heating and calcination

Pyroprocessing is carried out in 6-stage preheater, calciner and rotary kiln with cooler. The raw material mixture is processed further by way of extraction from the storage silo at a determined rate and fed at the top of the pre-heater tower while high temperature gases from the kiln are funnelled upwards at each pre-heater stage.

The raw material receives heat from the high temperature gases from the kiln thereby removing all traces of moisture, gaining heat and partial decomposition of the calcium carbonate in the process before being fed to the calciner. At the final stage prior to feeding the raw meal to the kiln, the raw material mixture is subjected to the calciner where calcium carbonate contained in the raw material mixture is further decomposed into calcium oxide and carbon dioxide where pulverised coal is also fired to the calciner to provide the required heat for decomposition. Thereafter, the raw material mixture is fed to the rotary kiln.

h) Sintering in the kiln

The calcined raw meal is fed in to the kiln. The prepared coal is fired in the kiln to provide heat required for sintering of the raw meal into clinker. During this stage, the raw meal in the kiln undergoes chemical reactions where calcium oxide reacts with silica, alumina and iron oxides to form crystals of calcium silicates, calcium aluminates and calcium alumino ferrites, etc. Sintering results in a product known as 'clinker' which has the desired hydraulic properties required for producing cement.

i) Cooling

The heated clinker is discharged from the rotary kiln into a clinker cooler. Large cooling fans blow ambient air through the heated clinker, cooling the clinker on its way out. In this process, the heat from the clinker is transferred to the ambient air which is routed to the pyroprocessing system in the form of hot gases as combustion air thereby improving the thermal efficiency of the system. The cooled clinkers (to temperatures of 100 degrees Celsius) are stored in sheltered stock piles.

j) Cement production from clinkers

The clinker, gypsum and fly-ash are stored in separate hoppers for grinding. The clinker is then fed in to the cement grinder along with gypsum, fly ash / slag in desired proportions (as necessary for production of different grades and varieties of cement) where course materials are ground into fine powder of about 45 microns. The fine cement powder is stored in large capacity silos.

k) Packaging and dispatch

Each product variant is stored in an individual bulk storage silo ready to be dispatched. Cement is packed in bags using auto roto-packer to maintain accurate weight of the cement in the bag and is distributed by rail and road. In addition, cement is also supplied in bulk in tankers to bulk consumers.

Our production Units and location

Our Company owns and operates its production unit situated at Mattampally including a grinding unit situated at Bayyavaramand our wholly owned subsidiary owns and operates its production unit at Gudipadu. The brief details about our facilities are as under:

	Particulars	Mattampally Unit	Bayyavaram Unit	Gudipadu Unit
1.	Installed Capacity (MTPA)	30,00,000	2,00,000	10,00,000
2.	Capacity Utilisation (%)	49.48	-*	67.65
3.	Installed Clinker Capacity (MTPA)	27,88,500	Nil	8,25,000
4.	Type/ Grade of Cement manufactured	43 Grade OPC, 53 Grade OPC, PPC, SRC	PSC	43 Grade OPC, 53 Grade OPC, PPC

** The Bayyavaram unit was acquired recently on November 2, 2016 hence capacity utilization information is not available.*

Raw Materials

The principal raw materials for cement production are limestone, iron ore, laterite, coal, gypsum, fly ash and blast furnace slag. Raw materials are transported to the production facility mainly by means of road and rail transport.

The cost of raw materials consumed accounted for approximately 20.26% of our manufacturing expenses in fiscal 2016 and 23.11% in the nine months ended December 31, 2016, each on a consolidated basis.

Limestone: Limestone is the main raw material required in the production of cement. The cement production process requires approximately 1.45 MT of limestone for every MT of clinker produced, resulting in an estimated annual requirement of approximately 4.10 MT of limestone at our facilities, based on full utilisation of current installed capacity.

We are required to obtain a lease from the relevant state government in order to mine the limestone deposits. These leases were initially granted for a term of 20 years. Pursuant to current provisions of Mines and Minerals (Development and Regulation) Act, 1957, as amended and Mineral Concession Rules, 1960, as amended, such leases may be renewed for a term of up to 20 years at a time. These leases for our Mattampally mines are due to expire in the year 2024. Based on the provisions of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, which is applicable from January 12, 2015, the holder of mining lease granted before the date of commencement of the aforesaid Act, shall in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount not exceeding the royalty paid in terms of the second Schedule in such manner and subject to the categorization of the mining leases and the amount payable by the various categories of lease holders, as may be prescribed by the Central Government.

As we have access to high quality limestone, we generally do not need to purchase additional high quality limestone or other additives from external sources.

Iron ore and Laterite: Iron ore and laterite are used as additives to limestone to achieve desired chemical composition in the raw meal. We currently meet our iron ore and laterite requirements by obtaining them from local suppliers by placing purchase orders, as required from time to time.

Coal: Coal is primarily used as fuel in the kiln and calciner during the process of cement production. Coal is primarily procured from nearby collieries or with the use of imported coal.

Gypsum: Gypsum is added as a retarding agent to control the setting time for cement. Our annual requirement of gypsum is approximately 88,000 MT. Gypsum is usually obtained from domestic suppliers Our gypsum requirements are met by a mix of chemical and natural gypsum procured either from the domestic suppliers or from traders of imported gypsum.

Fly ash: Fly ash is used in the manufacture of PPC. Fly ash is a by-product of the coal burning process at thermal power plants. We source our fly ash requirements from nearby thermal power plants.

Slag: Fly ash is used in the manufacture of PSC. Slag is a by-product of the steel manufacturing process. We source our fly ash requirements from nearby steel manufacturing plants.

Others: Additives like red ochre and bauxite are also required for OPC and PPC in small quantities, all of which are available from local suppliers within the State of Andhra Pradesh and Telangana.

Power and Fuel

Coal and electricity are our key sources of energy for cement production. Coal is used in the calcination and sintering process to provide the necessary heat for the production process while electricity is used across all the processes. Power and fuel expenses are account for significant expenses in the cement manufacturing process comprising approximately 12.16% and 33.50% of our total expenses in the Fiscal 2016 and 2015, respectively on a standalone basis and our power and fuel expenses were approximately 9.73% of our total expenses in the Fiscal 2016 on a consolidated basis.

Sales and distribution

Our sales and distribution operations are spread over South India, Maharashtra, as well as Odisha and other parts of India. We have over 1,950 dealers, distribution agents and consignment agents to promote our products in these markets.

The following table sets forth, for the periods specified, our net revenue from operations and percentages thereof contributed by our manufacturing units:

(Amounts in ₹ lakhs except percentage values)

Period	53 Grade OPC		43 Grade OPC		PPC		SRC	
	Amount	% to total net revenue from operations	Amount	% to total net revenue from operations	Amount	% to total net revenue from operations	Amount	% to total net revenue from operations
Fiscal 2014	29,013.59	59.34%	4,302.66	8.8%	14,360.11	29.37%	1,217.47	2.49%
Fiscal 2015	29,682.39	54.48%	4,996.10	9.17%	19,145.36	35.14%	659.25	1.21%
Fiscal 2016*	43,790.20	60.87%	5,870.35	8.16%	21,747.62	30.23%	532.36	0.74%
9 months' ended December 31, 2016*^	23596.01	54.30%	4031.41	9.27%	14611.90	33.62%	1218.28#	2.81%#

** on consolidated basis*
 # includes revenue from sale of PSC on account of production from our Bayyavaram unit
^ exclusive of excise duty

The following table sets forth our cement sales quantity across states and the percent of the total sales for each of the periods indicated:

Particulars	Period ended December 31, 2016		Fiscal 2016		Fiscal 2015		Fiscal 2014	
	Quantity (MTs)	%	Quantity (MTs)	%	Quantity (MTs)	%	Quantity (MTs)	%
Andhra Pradesh	2,98,320	27.68	3,45,512	20.90	3,67,785	23.73	6,89,960	48.59
Telangana	2,83,634	26.32	3,44,063	20.80	2,33,885	15.09	-	-
Tamil Nadu	1,15,274	10.70	2,77,465	16.78	2,49,831	16.12	1,96,370	13.83
Karnataka	36,135	3.35	1,74,056	10.53	2,34,105	15.10	1,76,083	12.40

Particulars	Period ended December 31, 2016		Fiscal 2016		Fiscal 2015		Fiscal 2014	
	Quantity (MTs)	**%**	**Quantity (MTs)**	**%**	**Quantity (MTs)**	**%**	**Quantity (MTs)**	**%**
Maharashtra	2,09,329	19.43	3,13,963	18.99	3,10,487	20.03	2,28,537	16.10
Odisha	87,188	8.09	1,44,230	8.72	1,09,487	7.06	77,094	5.43
Others	47,729	4.43	54,214	3.28	44,498	2.87	51,813	3.65
Total Cement Sales	**10,77,609**	**100.00**	**16,53,503**	**100.00**	**15,50,077**	**100.00**	**14,19,857**	**100.00**

Quality Assurance

We believe that quality control is critical to our continued success. Our production unit at Mattampally is equipped with a fully automated, robotic based NABL certified laboratory for real time monitoring and control of the process that aid quality assurance. We have an analytical laboratory for quality control at our manufacturing facility at Gudipadu. Our laboratories are equipped with X-ray analyser for monitoring of mineral composition of raw materials and the final product.

Pricing policy

We determine the sales price of our products based on market conditions. In setting prices, we take into account our costs, including those of raw materials and demand and supply in the domestic market.

Employees

We consider our employee strength as a key factor to our success. As on December 31, 2016, we have employed 627 permanent employees. In addition, our Company also hires contract labourers based on the requirements at our production units.

Insurance

Our production plants are insured against fire, riot, strike and malicious damage risks with various underwriters. Insurance policies also cover selected items of machinery for the risk of machinery breakdown. Our insurance policies provide cover on reinstatement value of the assets in their present state. Our policies have limited coverage with regard to product liability. See *'Risk Factors'* beginning on page 44.

We believe that our insurance arrangements are consistent with industry standards in India.

Intellectual Property Rights

We believe that the trademark which are of material importance and significant to our business is the logo '*Sagar Cement*'. We have licensed the use of our logo to our Subsidiary on a limited, non-exclusive, non-assignable basis against royalty payments for use of the logo solely in relation to the business of the Subsidiary.

Health, safety and environment

Our cement plant, mines and offices in India are required to comply with several laws governing every aspect of our operations, including compliance with environment regulations. In order to ensure compliance, we have implemented an automated compliance monitoring and assurance system to enable monitoring of our manufacturing process.

Land and property

Our registered office is situated at Plot No. 111, Road No. 10, Jubilee Hills, Hyderabad – 500 033. We have also established branch offices to facilitate our business. We own and lease various properties for our corporate operations and for undertaking our businesses. In order to conduct our business operations, we have entered into a combination of leave and license agreements and lease deeds. We have been sanctioned mining leases in respect of our limestone mines situated at Mattampally and Gudipadu.

Related Party Transactions

From time to time, we enter into transactions with affiliates or related parties, principally with our promoter group companies and our Subsidiary. Our policy is that such transactions are made on an arm's length basis on no less favourable terms than if such transactions were carried out with unaffiliated third parties.

Details of related party (as per AS 18) are set out in the section "*Financial Statements*" beginning of page 191.

Corporate Social Responsibility

As part of our corporate social responsibility initiatives, our Company has been carrying out various social welfare activities. Our Board of Directors has constituted a Corporate Social Responsibility Committee, and also formed a corporate social responsibility policy to govern such initiatives.

Legal Proceedings

We are involved in various legal proceedings that are at different levels of adjudication before various courts and tribunals. These legal proceedings are primarily in the nature of civil proceedings, labour proceedings and taxation proceedings (excise and service tax). The results of these claims and legal proceedings cannot be predicted and these claims and legal proceedings, individually or in the aggregate, may have a material adverse effect on our business (both in the near and long term), liquidity, financial position, cash flows or results of operations. For further details of our material litigation, see "*Legal Proceedings*" beginning on page 183.

REGULATIONS AND POLICIES

The following description is a summary of relevant regulations and policies applicable to our Company. This description is based on the current provisions of Indian law, which are subject to change or modification or interpretation by subsequent legislative, regulatory, administrative or judicial decisions. The laws set out herein below and their description are not exhaustive, and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for professional legal advice.

BUSINESS RELATED LAWS

I. Laws and Regulations relating to Cement Industry

Cement Cess Rules, 1993

Cement Cess Rules, 1993 ("**Cement Cess Rules**") were formulated pursuant to section 30 of the Industries (Development and Regulation Act, 1951. It states that every manufacturer shall submit to the collecting agency, on or before the 15th of every month, a return in the Form specified in the Cement Cess Rules, relating to stocks of cement manufactured or produced in, and removed from the manufacturer's undertaking during the previous month. Further, the proceeds of the cess shall be credited to the Consolidated Fund of India which shall be used for assisting the National Council for Cement and Building Materials, suggesting methodology for productivity improvement covering production, energy, maintenance etc., providing guidance and assistance in optimum exploitation of raw materials, providing design and engineering for setting up and modernisation of cement plants, etc.

Cement (Quality Control) Order, 2003

Cement (Quality Control) Order, 2003 ("**Cement Quality Order**") is issued to conform to the specified standards laid down in the Bureau of Indian Standards Act, 1986. According to the Cement Quality Order, no person is permitted to manufacture, store, sell, distribute cement which does not conform to the specified standard and which do not bear the standard mark. The cement which do not conform to the Specified Standard shall be destroyed immediately within a month. The grant of license by the Bureau of Indian Standards for the use of the standard mark shall be as per the provisions of the Bureau of Indian Standards Act, 1986 as amended, and the rules and regulations made thereunder.

II. Laws and Regulations relating to Mining Industry

Mines Act, 1952

Mines Act, 1952 ("**Mines Act**") is an act for regulation of labour and their safety in mines. It imposes certain obligations on any person who is the owner, agent or manager of a mine. Such person shall, before the commencement of any mining operation, give to the Chief Inspector, the Controller, Indian Bureau of Mines and the District Magistrate of the district in which the mine is situated, notice in writing in such form and containing such particulars relating to the mine, as may be prescribed. Such persons are also obliged to provide certain facilities to ensure the health and safety of the workers in such mines. The Mines Act also provides that notice must be given of the occurrence of any accident in the mines to the prescribed authorities; such notice must also be posted on a special notice- board for the inspection of the workers and trade unions, if any, for not less than 14 days. A register must also be maintained with respect to such accidents.

Mines and Minerals (Development and Regulation) Act, 1957 and the rules made thereunder

Mines and Minerals (Development and Regulation) Act, 1957 ("**Mines and Mineral Act**") regulate the mining sector in India. As per the Mines and Mineral Act, no person shall undertake any reconnaissance, prospecting or mining operations in any area, except under and in accordance with the terms and conditions of reconnaissance permit or of a prospecting license or, as the case may be, a mining lease, granted under MMDR and the rules made thereunder. The Mineral Concession Rules, 1960 ("**MCR Rules**") outline the procedures and conditions for obtaining a Prospecting License or Mining Lease. The Mineral Conservation and Development Rules, 1988 lays down guidelines for ensuring mining on a scientific basis, while at the same time, conserving the environment. The provisions of Mineral Concession Rules and Mineral Conservation and Development Rules are, however, not applicable to coal, atomic minerals and minor minerals. The minor minerals are separately notified and come under the purview of the State Governments.

We are also governed by the Mineral Conservation and Development Rules, 1988, as amended (the "**MCD Rules**"), in respect of mining rights and the operations of mines in India. The Government of India announced the National Mineral Policy, 1993, (the "**Mineral Policy**"), and has also made subsequent amendments to the Mineral Policy to reflect principles of sustainable development including the National Mineral Policy, 2008. The Mines and Mineral Act, the MCD Rules and the MCR Rules have been amended from time to time to reflect the principles of such Mineral Policy. Mining leases are granted under the Mines and Mineral Act, which was expressly enacted to provide for the development and regulation of mines and minerals under the control of the Union of India, pursuant to Entry 54 of the Union List in the Seventh Schedule of the Constitution of India.

A mining lease must be executed with the relevant State Government. The mining lease agreement governs the terms on which the lessee can use the land for the purposes of mining operations. If the land on which the mines are located belongs to private parties, the lessee would have to acquire the surface rights from such private party. If such private party refuses to grant such surface rights, the lessee is to inform the same to the State Government and deposit the compensation for the acquisition of the surface rights with the State Government, and if the State Government deems that such amount is fair and reasonable, then the State Government will order the private occupier to permit the lessee to enter the land and carry out such operation as may be necessary for the purpose of the mining lease. For determining compensation to be paid to such private party, the State Government is guided by the principles of the Land Acquisition Act. In case of Government land, the surface right to operate in the lease area is granted by the Government upon application and as per the norms of that State Government. Surface rights of private land can be directly negotiated with the owner and the rights obtained.

The maximum term for which a mining lease may be granted is 30 years. A mining lease may be renewed for further periods of 20 years or for a lesser period as per the request of the lessee. The renewals are subject to the lessee not being in default of any applicable laws (including environmental laws) and in respect of certain specified minerals, the previous approval of the Government of India. The Mines and Mineral Act provides that if the holders of a mining lease are using the mineral for their "own industry", then such holder would be entitled to a renewal of his mining lease for a period of 20 years unless he applies for a lesser period. The lessee has to apply to the relevant State Government for renewal of the mining lease at least one year prior to the expiry of the lease. However, the State Government can condone the delay in submitting an application for renewal of a lease provided that the application is made before the expiry of the lease. In the event that the State Government does not pass any orders in relation to an application for renewal prior to the expiry of the lease, the lease period will be deemed to be extended until the State Government passes its orders on such application for renewal.

Under the MCR Rules, the prior consent of the State Government in writing, and in respect of certain specified minerals, the previous approval of the Government of India, is required for transfer of a mining lease, including assignment, subletting or transfer of right, title or interest in any other manner. Further, the transferee must accept all the conditions and liabilities to which the transferor was subject in respect of such lease.

A prospecting license for any mineral or prescribed group of associated minerals is granted for a maximum period of three years. A prospecting license may be renewed for a longer period by the relevant State Government, if it is satisfied that a longer period is required to enable the licensee to complete prospecting operations subject to such renewal period not exceeding five years. In a state, a person can be granted a maximum area of 25 square kilometers in one or more prospecting license, but if the Government of India is of the opinion that in the interest of development of any mineral it is necessary to do so, the maximum area limit can be relaxed. A person may obtain a prospecting license in various states simultaneously up to the state-wide area limits. However, a person acquiring a prospecting license in the name of another person that is intended for himself shall be deemed to be acquiring the prospecting license for himself and the limits would apply accordingly. The person who undertakes prospecting under a prospecting license enjoys preferential right for the grant of the mining lease over any other person, subject to the satisfaction of the relevant State Government in respect of certain conditions.

Further, where any person has made an application for a mining lease in respect of mineral(s) not specified in the existing mining lease(s) by another, then the State Government shall notify such fact to the person who already holds mining leases in the land applied for. If the existing lessee applies for a prospecting licence or mining lease for another mineral in respect of the newly discovered mineral(s) within six months of date of communication of such information by the State Government, then the existing lessee shall get preference in respect of such grant.

The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972

The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972 is an Act for levying and collection of cess on limestone and dolomite for the financing of activities to promote the welfare of persons employed in the limestone and dolomite mines. Every duty of excise leviable under this Act on limestone or dolomite is payable (a) to the occupier of the factory by the person by whom such limestone or dolomite is sold or otherwise disposed of to such occupier; (b) to the Central Government by the owner of the limestone or dolomite mine where the limestone or dolomite is used by such owner for any purpose in connection with the manufacture of certain articles or goods mentioned under the Act. An amount equivalent to the proceeds of the duty of excise levied received by the Central Government is credited to the fund known as 'Limestone and Dolomite Labour Welfare Fund' which is applied for provision and improvement of public health and sanitation, water supplies and facilities for washing, transport etc.

The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976

The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976 is an Act to provide for financing of activities to promote the welfare of persons employed in the iron ore mines, manganese ore mines and chrome ore mines. The Act also provides for the formation of Iron Ore Mines and Manganese Ore Mines Labour Welfare Fund wherein the Central Government may credit the amount obtained out of the proceeds of duty of customs and duty of excise. The fund shall be applied by the Central Government for provision and improvement of public health and sanitation, water supplies and facilities for washing, educational facilities, housing and recreational facilities etc.

Metalliferous Mines Regulations, 1961

Metalliferous Mines Regulations, 1961 applies to every mine of whatever description other than a coal or an oil mine. Regulation 8 provides that when a change occurs in case of any director of a public company, such change shall be intimated to the Chief Inspector and Regional Inspector within 7 days from the date of such change. Further, pursuant to opening of the mine, the owner has to submit quarterly returns on or before 20th January, April, July, and October in every year and annual returns on or before 20th day of February in every year.

The Explosives Act, 1884 and Explosives Rules, 2008

The Explosives Act, 1884 ("**Explosives Act**") is an act which regulates the manufacture, possession, use, sale of explosives. In exercise of the powers conferred under the Explosives Act and in supersession of Explosives Rules, 1983, the Central Government makes the Explosives Rules, 2008 ("**Explosives Rules**") to regulate or prohibit, except under and in accordance with the conditions of a license granted as provided by those rules, the manufacture, possession, use, sale, transport, import and export of explosives, or any specified class of explosives.

Where a person makes an application for license, the prescribed authority shall, subject to the provisions of the Explosives Act, either grant the license or refuse to grant the same. Under rule 7 of the Explosives Rules, the licensing authority shall grant a license where it is required for the purpose of manufacture of explosives if the licensing authority is satisfied that the person by whom license is required possesses technical know-how and experience in the manufacture of explosives and where it is required for any other purpose, if the licensing authority is satisfied that the person by whom license is required has a good reason for obtaining the same. Rule 106 states that the licensing authority may grant a license for a period of 6 months for import export of explosives or for 5 years in case of manufacture of explosives.

Petroleum Act, 1934 and Petroleum Rules, 2002

The Petroleum Act, 1934 ("**Petroleum Act**") regulates the import, transport and storage of petroleum. Under the Petroleum Rules, 2002 ("**Petroleum Rules**") no person shall import, transfer or store petroleum except under and in accordance with a license granted under these rules. Every person desiring to obtain a license to import and store petroleum shall submit to the licensing authority an application for registration in Form XV or in Special Form, within the prescribed time limit. On expiry of a license, the applicant has to make an application for renewal of license. A license may be renewed by the authority empowered to grant such a license, provided that a license which has been granted by the Chief Controller may be renewed without alteration, by a Controller duly authorized by the Chief Controller. Pursuant to Section 23, whoever contravenes any of the provisions of the Petroleum Act, shall be punishable with simple imprisonment which may extend to one month, or with fine which may extend to ₹ 1000 or with both.

Ammonium Nitrate Rules, 2012

Ammonium Nitrate Rules, 2012 **(“Ammonium Nitrate Rules”)** are applicable for regulating the manufacturing, conversion, import, export, possession, sale, transport etc of ammonium nitrate. The Ammonium Nitrate Rules prohibit the manufacture, conversion, storage etc of ammonium nitrate except after obtaining a valid license as per schedule II part 2 of the Rules. It further lays down the restrictions on storage of ammonium nitrate in populated areas, conversion in any other place apart from the one stated in the license, extraction from any fertilizer by chemical or physical process, import-export, transportation with any other explosives, inflammable substance etc.

LABOUR LAWS

Factories Act, 1948

Factories Act, 1948 (“**Factories Act**”) regulates the provisions relating to labour in factories. The Factories Act defines a factory as any premises on which ten or more workers are employed or were employed on any day of the preceding twelve months and on which an electronic manufacturing process is carried on. Further, it also includes any premises on which twenty or more workers are employed or were employed on any day of the preceding twelve months and on which a manufacturing process is ordinarily carried on without the use of electricity. The applicant needs to submit the prior plans and obtain the approval of the respective State Government for the establishment, registration and licensing of factories. The provisions for the same are contained in the rules made by the respective State Governments. The Factories Act provides for provisions relating to health and safety, cleanliness and safe working conditions. Employment of women and children in the factories is prohibited under the Factories Act. Violations to any of the provisions of the Factories Act or the rules framed there under may lead to the imprisonment of the occupier or the manager of the factory for a term not exceeding two years and/or with a fine of ₹ 1,00,000 or both. If any continuing violation after conviction is observed, a fine of up to ₹ 1,000 per day of violation may be levied.

The Ministry of Labour and Employment proposes to amend the Factories Act, 1948 vide Office Memorandum dated June 5, 2014 wherein it is proposed to redefine the term “hazardous process” as a process in which a hazardous substance is used and the term “hazardous substance” would have the same meaning as assigned in the Environment Protection Act, 1986. An Occupier would now be required to take permission from the State Government for expansion of a factory within certain prescribed limits. Various safety precautions have been taken by the State Government to prevent persons to enter any confined space unless a written certificate has been given by a competent person and such person is wearing a suitable breathing apparatus. The occupier of a factory which is engaged in a hazardous process is required to inform the Chief Inspector within 30 days before the commencement of such process. An Inquiry Committee will be appointed by the Central Government to inquire into the standards of health and safety observed in the factory.

The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in manufacturing activities:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees’ Compensation Act, 1923;
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees’ State Insurance Act, 1948;
- Industrial Disputes Act, 1947;
- Industrial Employment (Standing orders) Act 1946;

- Child Labour (Prohibition and Regulation) Act, 1986
- Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Equal Remuneration Act, 1976; and
- Public Liability Insurance Act, 1991

OTHER LAWS

Industries (Development and Regulation) Act, 1951

Industries (Development and Regulation) Act, 1951 ("**Industries Regulation Act**") is an act which governs the development and regulation of certain industries. The main objectives of the Industries Regulation Act is to empower the Government (i) to take necessary steps for the development of industries; (ii) to regulate the pattern and direction of industrial development; (iii) to control the activities, performance and results of industrial undertakings in the public interest. The Industries Regulation Act applies to the 'Scheduled Industries' listed in the First Schedule, however, small scale industrial undertakings and ancillary units are exempted from the provisions of this Act.

The Foreign Trade (Regulation and Development) Act, 1992

The Foreign Trade (Regulation and Development) Act, 1992 (the "**Foreign Trade Act**") was enacted to provide for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India. The Foreign Trade Act prohibits anybody from undertaking any import or export except under an importer-exporter code number granted by the Director General of Foreign Trade pursuant to section 7. Hence, every entity in India engaged in any activity involving import/export is required to obtain an Importer Exporter Code ("IEC") unless specifically exempted from doing so. The IEC shall be valid until it is cancelled by the issuing authority.

Legal Metrology Act, 2009

The Legal Metrology Act, 2009 repeals and replaces the Standard of Weights and Measures Act, 1976 and the Standards of weights and Measures (Enforcement) Act, 1985. Its provisions broadly relate to use of weights and measures, pre-packaged commodities, compounding of offences and offences by Companies. It states that weights and measures which are standard and duly verified should be used. Also, nonstandard units must not be used in any advertisements, bills, vouchers, any packages or quotations. All manufactures, importers, dealers and repairers of weights and measures must obtain license from the Controller of Legal Metrology of the State.

Electricity Act, 2003 and Electricity Rules, 2005

The Electricity Act, 2003 was enacted to consolidate the laws relating to the generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to the development of the power industry. These include promoting competition, protecting interests of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, the constitution of the Central Electricity Authority and regulatory commissions, and the establishment of an appellate tribunal. The Electricity Rules, 2005 were framed under the Electricity Act, 2003 and lay down the requirements of captive generating plants and generating stations. The authorities constituted under these rules may give appropriate directions for maintaining the availability of the transmission system of a transmission licensee.

Shops and Commercial Establishments Acts

Shops and Establishments Acts are state enactments being different for every state of India. The Act is intended for the regulation of conditions of work, number of days of leave and employment in shops, commercial establishments and other establishments. Every establishment not regulated/being under the purview of Factories Act, 1948 has to be registered under the respective state Shops and Establishments Act.

Bureau of Indian Standards Act, 1986

The Bureau of Indian Standards Act, 1986, ("**BIS Act**") provides for the establishment of bureau for the standardisation, marking and quality certification of goods. The BIS Act provides for the functions of the bureau which includes, among others (a) recognize as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specify a standard mark to be called the, Bureau of Indian Standards Certification Mark, which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) make such inspection and take such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license.

INTELLECTUAL PROPERTY RIGHTS

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

ENVIRONMENT RELATED LAWS

Environmental Laws

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act, 1974 (the "**WPA**"), the Air (Prevention and Control of Pollution) Act, 1981 (the "**APA**") and the Environment Protection Act, 1986 (the "**EPA**").

The WPA aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board. The Central and State Pollution Control Boards constituted under the WPA are also to perform functions as per the APA for the prevention and control of air pollution. The APA aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

EPA has been enacted for the protection and improvement of the environment. EPA provides for the constitution of Boards to regulate pollution levels and protect the environment, the formulation of rules with regard to environmental standards and imposes certain obligations. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed. EPA empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution.

The issue of management, storage, and disposal of hazardous waste is regulated by the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the "**HWM Rules**") made under the EPA Act. The HWM Rules become applicable in case of an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Under the HWM Rules, the Pollution Control Boards are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

In addition, the Ministry of Environment and Forests, Government of India (the "**MoEF**") looks into environment impact assessment (the "**EIA**"). The MoEF receives proposals for expansion, modernization and setting up of projects, and the impact such projects would have on the environment is assessed by the MoEF before granting clearances for the proposed projects. Furthermore, the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 (the "**Hazardous Chemicals Rules**") stipulate that an occupier in control of an industrial activity has to provide evidence for having identified the major accidental hazards and taking adequate steps to prevent major accidents and to limit their consequences to persons and the environment. The persons working on site have to be provided with information, training and equipment including antidotes necessary to ensure their safety.

TAX RELATED LAWS

Finance Act, 2016

The Finance Act, 2016 received the assent of the President on May 14, 2016 and came into force to give effect to the financial proposals of the Central Government for the financial year 2016-2017. It provides for the valuation and levy of service tax wherein every service provider must pay the service tax and furnish a return for registration to the superintendent of central excise. Several amendments have been made to the Finance Act, 1994 some of which are as follows –

- The Income Declaration Scheme, 2016 has been introduced with effect from June 1, 2016 for declaration of any income chargeable to tax under the Income-tax Act, 1961 for any assessment year prior to the assessment year beginning on April 1, 2017 and which has not been declared or disclosed;
- The Direct Tax Dispute Resolution Scheme, 2016 has been introduced which is applicable to:

  (i) tax arrears determined under the Income-tax Act, 1961 or the Wealth-tax Act, 1957 in respect of which appeal is pending before CIT(A)/CWT(A) as on February 29, 2016;
  (ii) The person declaring under the scheme is required to pay tax at the applicable rate alongwith the interest upto the date of assessment. However, in case of disputed tax exceeding rupees ten lakh, 25% of the minimum penalty leviable shall be required to be paid;any income accruing or arising to, or received by, a person, being an investor of a securitization trust, out of investments made in the securitisation trust, shall be chargeable to income tax
- Threshold of deduction of tax at source (TDS) on various payments has been increased;
- Special provisions relating to tax on accreted income of certain trust and institutions have been inserted

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporate, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Central Excise Act, 1944

Excise duty is to be paid by manufacturers on manufacture or production of goods. The Central Excise Act, 1944 contains provisions relating to levy and collection of excise duty. Credit of the duty paid by the manufacturer on the inputs and the capital goods can be availed, and the same can be utilised while paying duty on the final products. The rates of excise duties for various goods, as applicable, are laid down in the Central Excise Tariff Act, 1985.

Central Sales Tax Act, 1956

The Central Sales Tax Act (**"CST Act"**) The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

Value Added Tax Act

Value Added Tax (**"VAT"**) is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Tax on profession, trade, callings and employment

Every person engaged in profession, trade, callings and employment is liable to pay tax at the rate prescribed. It is considered necessary to levy tax on profession, trade callings and employment in order to augment state revenues. Every state is empowered to make laws relating to levy of tax on profession, trade, callings and employment that shall serve as the governing provisions in that state.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Overview

Our Board currently consists of nine (9) Directors. Our Articles of Association provide that the number of directors shall not be less than three (3) or more than 15 (fifteen). Our senior management team is under the overall supervision and control of our Board, and is responsible for our day-to-day operations.

Board of Directors

The following table sets forth details regarding the Board of Directors as of the date of this Preliminary Placement Document:

Sr. No.	Name, Designation, Address, Occupation, DIN, Term and Nationality	Age	Other Directorships
1.	**Onteddu Swaminatha Reddy** **Designation:** Chairman and Independent Director **Address:** 8-2-293/82/A/813, Road No. 41, Jubilee Hills, Hyderabad – 500 033, Telangana, India **Occupation:** Management Consultant **DIN:** 0006391 **Term:** Five years with effect from September 24, 2014 **Nationality**: Indian	86	1. BMM Cements Limited 2. Tembhu Power Private Limited 3. TCI Developers Limited 4. EPR Gene Technologies Private Limited 5. Surana Solar Limited 6. Bhagyanagar India Limited 7. Transport Corporation of India Limited 8. The K C P Limited 9. KM Power Private Limited 10. Sagar Power Limited
2.	**Sammidi Veera Reddy** **Designation:** Managing Director **Address:** Plot No. 205, Road No. 14, Opposite JHIC, Jubilee Hills, Hyderabad – 500 033, Telangana, India. **Occupation:** Industrialist **DIN:** 00123833 **Term:** Three years with effect from July 13, 2016 **Nationality**: Indian	81	1. Panchavati Polyfibres Limited 2. Golkonda Hospitality Services and Resorts Limited 3. Sagar Priya Housing and Industrial Enterprises Limited 4. Sagar Power Limited 5. BMM Cements Limited
3.	**Dr. S. Anand Reddy** **Designation:** Joint Managing Director **Address:** Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad – 500 033, Telangana, India. **Occupation:** Industrialist	52	1. Panchavati Polyfibres Limited 2. Sagar Priya Housing and Industrial Enterprises Limited 3. Sagar Power Limited 4. Super Hydra Electric Private Limited 5. SPL Renewable Energy Private Limited 6. BMM Cements Limited

Sr. No.	Name, Designation, Address, Occupation, DIN, Term and Nationality	Age	Other Directorships
	DIN: 00123870 **Term:** Three years with effect from November 21, 2015**,** Liable to retire by rotation **Nationality**: Indian		
4.	**S. Sreekanth Reddy** **Designation:** Executive Director **Address:** Plot No. 205, Road No. 13, Jubilee Hills Club, Jubilee Hills, Hyderabad – 500 033, Telangana, India. **Occupation:** Industrialist **DIN:** 00123889 **Term:** Three years with effect from June 26, 2016 **Nationality**: Indian	45	1. Sree Venkateshwara Winery and Distillery Private Limited 2. Sagar Priya Housing and Industrial Enterprises Limited 3. Sagar Power Limited 4. Sagarsoft (India) Limited 5. Super Hydra Electric Private Limited 6. SPL Renewable Energy Private Limited 7. BMM Cements Limited
5.	**Sammidi Rachana** **Designation:** Non – Executive Director **Address:** Plot No. 205, Road No. 13, Jubilee Hills Club, Jubilee Hills, Hyderabad– 500 033, Telangana, India. **Occupation:** Business **DIN:** 01590516 **Term:** With effect from March 18, 2015, Liable to retire by rotation **Nationality**: Indian	41	1. Panchavati Polyfibres Limited 2. R.V Consulting Services Private Limited
6.	**K. Thanu Pillai** **Designation:** Independent Director **Address:** 8-2-616, 2nd floor, Akashganga Apartments, Near Spring Field School, Road No. 11, Banjara Hills, Hyderabad – 500 033, Telangana, India **Occupation:** Retired Bank Executive **DIN:** 00025312 **Term:** Five years with effect from September 24,	81	1. BMM Cements Limited 2. Kandamangalam Projects Private Limited 3. Mokama – Munger Highway Limited 4. RAA Advisory Services Private Limited 5. Simhapuri Expressway Limited 6. BSCPL Realty Limited 7. Aishu Deramlands Limited 8. Bollineni Developers Limited 9. Krishna Institute of Medical Sciences Limited 10. Amar Bio-tech Limited 11. Venkateswara Financiers Hyderabad Private Limited

Sr. No.	Name, Designation, Address, Occupation, DIN, Term and Nationality	Age	Other Directorships
	2014 **Nationality**: Indian		
7.	**Valliyur Hariharan Ramakrishnan** **Designation:** Independent Director **Address:** C2 402 White House, 15th Cross, 6th Main R. T Nagar, Bengaluru – 560 032, Karnataka, India. **Occupation:** Retired Bank Executive **DIN:** 00143948 **Term:** Five years with effect from March 30, 2015. **Nationality**: Indian	75	1. The K C P Limited 2. BMM Cements Limited
8.	**John-Eric Bertrand** **Designation:** Non- Executive Director **Address:** Avenue De La Faisanderie 43, Woluwe Saint Pierre, Belgium 1150. **Occupation:** Investment Manager **DIN:** 06391176 **Term:** Liable to retire by rotation **Nationality**: Belgian	39	1. AVH Resources India Private Limited 2. Oriental Quarries and mines Private Limited
9.	**Rajendra Prasad Kandikattu** **Designation:** Nominee Director **Address:** 10-3-744 (156/3RT), Flat No. 201, Harihara Apartments, Vijayanagar Colony, Hyderabad – 500 057, Telangana, India. **Occupation:** Bank Executive **DIN:** 00143653 **Term:** Not applicable **Nationality**: India	59	1. Andhra Pradesh Heavy Machinery and Engineering Limited 2. Raasi Refractories Limited 3. Restile Ceramics Limited 4. Vista Pharmaceuticals Limited

Brief Profile of the Directors of our Company

Onteddu Swaminatha Reddy

Onteddu Swaminatha Reddy, aged 86 years, is the Chairman and an Independent Director of our Company. He was appointed as a Director of our Company on September 5, 1983. He is a member of the Institute of Chartered Accountants of India and has vast experience in the fields of banking and financial services. He was a Chairman of Andhra Bank, Andhra Pradesh State Finance Corporation, TCI Finance Limited and governing body of Indian Institute of Economics, Hyderabad. He was also a member of management committee of Federation of A.P. Chamber of Commerce & Industry. He is a director on the boards of several companies in India.

Sammidi Veera Reddy

Sammidi Veera Reddy, aged 81 years, is the Managing Director of our Company. He joined our Company in 1982 and was appointed as the Managing Director in 1991. As the Managing Director of our Company, he has been instrumental in formulating and implementing strategies and policies of our Company. He has significant experience of cement industry and also experience at strategic and leadership levels covering a variety of businesses. He has been awarded with Udyog Ratna by the Institute of Economic Studies, New Delhi and Shiromani Vikas by the Shiromani Institute, Goa.

Dr. S. Anand Reddy

Dr. S. Anand Reddy, aged 52 years, is the Joint Managing Director of our Company. He joined our Company in 1991 as a Director. He holds a Bachelor’s degree in medicine and surgery from the Nagarjuna University. He has over 25 years of work experience in cement manufacturing. As the Joint Managing Director of our Company, he is involved in the day-to-day operations of our Company and is responsible for the overall business of our Company.

S. Sreekanth Reddy

S. Sreekanth Reddy, aged 45 years, is an Executive Director of our Company. He has joined our Company as a Technical Consultant in the year 2002 and employed with our Company in various capacities. He was appointed a director of our Company in 2003 and as an Executive Director of our Company on June 26, 2008. He holds a Bachelor’s degree in engineering in (Industrial & Production Engineering) from the Karnataka University. He has completed his Post Graduate Diploma in cement technology from the National Council for Cement and Building Materials. He has over 20 years of work experience in the business of cement industry. As an Executive Director of our Company, he is involved in the day-to-day operations of our Company, actively participate in finance, investment and various Company affairs and responsible for the overall business of our Company.

Sammidi Rachana

Sammidi Rachana, aged 41 years, is a Non–Executive Director of our Company. She was appointed as a Director of our Company with effect from March 18, 2015. She holds a Bachelor’s degree in science from the Osmania University and completed an advanced diploma in nutrition and dietetics from the Institute of Health Care Administration, Chennai. She has over 10 years of experience in the consultancy services sector. She is currently engaged as an executive director of Panchavati Polyfibres Limited and appointed as director of RV Consulting Service Private Limited.

K. Thanu Pillai

K. Thanu Pillai, aged 81 years, is an Independent Director of our Company. He was appointed as a Director of our Company with effect from January 30, 2012. He holds a Bachelor’s degree in Commerce from the University of Kerala and a Bachelor’s degree in Arts from University of Madras. He is a certified associate of the Indian Institute of Bankers. He has significant experience in the fields of banking and financial services. He had been associated with State Bank of Travancore from the year 1958 until his retirement in the year 1995 as Managing Director of State Bank of Hyderabad. He is a director on the boards of several companies in India and presently serving as a Chairman of Sathavahana Ispat Limited.

Valliyur Hariharan Ramakrishnan

Valliyur Hariharan Ramakrishnan, aged 75 years, is an Independent Director of our Company. He was appointed as a Director of our Company with effect from March 30, 2015. He is a member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India. He had been associated with Bank of India until his retirement in the year 2001 as General Manager (International) of Bank of India. He has significant experience in the fields of banking and finance.

John-Eric Bertrand

John-Eric Bertrand, aged 39 years, is a Non–Executive Director of our Company. He was appointed as a Director of our Company with effect from October 17, 2012. He holds a master of business administration from INSEAD and a CEMS master's degree from the Community of European Management schools.

Rajendra Prasad Kandikattu

Rajendra Prasad Kandikattu, aged 59 years, is a Nominee Director of our Company (Nominee director nominated by Andhra Pradesh Industrial Development Corporation Limited). He was appointed as a Director of our Company with effect from July 18, 2012. He is law graduate from the Kakatiya University and holds a Master's degree in Commerce from the Nagarjuna University. He has significant experience in the fields of portfolio management, finance and accounts.In the past, he was working with Neyveli Lignite Corporation Limited and he has been associated with Andhra Pradesh Industrial Development Corporation Limited for the past 28 years and is presently working as a Deputy General Manager of Andhra Pradesh Industrial Development Corporation Limited.

Relationship with other Directors

Except as disclosed below, none of our Directors are related to each other.

Name of the Person	Related with
Sammidi Veera Reddy	Father of Dr. S. Anand Reddy and S. Sreekanth Reddy and Father in Law of Sammidi Rachana
Dr. S. Anand Reddy	Son of Sammidi Veera Reddy, Brother of S. Sreekanth Reddy and Brother in Law of Sammidi Rachana
S. Sreekanth Reddy	Son of Sammidi Veera Reddy, Spouse of Sammidi Rachana and Brother of Dr. S. Anand Reddy
Sammidi Rachana	Daughter in Law of Sammidi Veera Reddy, Spouse of S. Sreekanth Reddy and Sister in Law of Dr. S. Anand Reddy

Borrowing powers of the Board

The Board of Directors is authorised to borrow money upon such terms and conditions as the Board may think fit and may exceed the aggregate of the paid up share capital and free reserves, provided that the aggregate amount of its borrowings shall not exceed ₹ 2,00,000.00 lakhs as authorised by the special resolution passed by the shareholders by way of a postal ballot notice dated July 15, 2014.

Interest of Directors

All of the Directors, other than the Managing Director, Joint Managing Director and the Executive Director of our Company may be deemed to be interested to the extent of fees payable to them for attending Board or Board committee meetings as well as to the extent of reimbursement of expenses payable to them. The Managing Director, Joint Managing Director and the Executive Director of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered as the officers of our Company.

All of the Directors may also be interested in any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, their relatives or the companies, firms and trust, in which they are interested as directors, members, partners, trustees.

Our Company has entered into an agreement of rent dated April 11, 2012 with S. Vanajatha, S. Anand Reddy and S. Shreekanth Reddy for a period of 84 months from April 1, 2012. Except as mentioned herein our Company has not entered into any contract, agreement or arrangement during the two years preceding the date of this Preliminary Placement Document in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Shareholding of Directors

The following table sets forth the equity shareholding of the Directors in our Company as of December 31, 2016

Name of the Director	Number of Equity Shares	Per cent of Total Number of outstanding Equity Shares
Onteddu Swaminatha Reddy	Nil	-
Sammidi Veera Reddy	16,43,795	9.13 %
Dr. S. Anand Reddy	13,02,524	7.24 %
Sreekanth Reddy	12,38,753	6.88 %
Sammidi Rachana	11,64,280	6.47 %
K. Thanu Pillai	Nil	-
Valliyur Hariharan Ramakrishnan	Nil	-
John-Eric Bertrand	Nil	-
Rajendra Prasad Kandikattu	Nil	-

Terms of appointment of the executive Director:

Sammidi Veera Reddy, Managing Director

Pursuant to a resolution passed by the Board of Directors at the meeting held on May 26, 2016 and by the members of our Company at its annual general meeting held on September 28, 2016, Sammidi Veera Reddy was re-appointed as Managing Director of our Company for a period of three years with effect from July 13, 2016.

As per the resolution of members of our Company at its annual general meeting held on September 28, 2016, the terms of appointment of Sammidi Veera Reddy are as under:

Particulars	Remuneration
Salary	₹ 8 lakhs per month
Perquisites	In addition to the salary, he would be eligible for perks and allowances subject to a maximum of 75% of salary and these could include : Provision of rent free accommodation or house rent allowance, house maintenance and utility allowance. Reimbursement of hospitalization and other medical expenses for self and family, personal accident insurance, car facility, telecommunication facility and club membership fees. Valuation of the above perquisites and allowances will be as per the Income tax Act, 1961 and the rules there under and in the absence of such rules, these perquisites and allowances will be valued at cost.
Other Benefits	He will be eligible for contribution to P.F, Superannuation Fund or Annuity Fund to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.
Commission	Such amount of commission as may be fixed by the Board of Directors or a committee thereof to the net profit of the Company for each financial year as calculated in the manner

Particulars	Remuneration
	prescribed for the purpose under the Companies Act, 2013 read with its applicable rules for the time being in force.

Dr. S. Anand Reddy, Joint Managing Director

Pursuant to a resolution passed by the Board of Directors at the meeting held on October 29, 2015 and by the members of our Company at its annual general meeting held on September 28, 2016, Dr. S. Anand Reddy was re-appointed as Chairman of our Company for a period of three years with effect from November 21, 2015. Subsequently by a resolution of the Board of Directors dated May 26, 2016 there was a modification in the terms of his appointment.

As per the resolution of members of our Company at its annual general meeting held on September 28, 2016, the terms of appointment of Dr. S. Anand Reddy are as under:

Particulars	Remuneration
Salary	₹ 6 lakhs per month
Perquisites	In addition to the salary, he would be eligible for perks and allowances subject to a maximum of 75% of salary and these could include : Provision of rent free accommodation or house rent allowance, house maintenance and utility allowance. Reimbursement of hospitalization and other medical expenses for self and family, personal accident insurance, car facility, telecommunication facility and club membership fees. Valuation of the above perquisites and allowances will be as per the Income tax Act, 1961 and the rules there under and in the absence of such rules, these perquisites and allowances will be valued at cost.
Other Benefits	He will be eligible for contribution to P.F, Superannuation Fund or Annuity Fund to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.
Commission	Such amount of commission as may be fixed by the Board of Directors or a committee thereof to the net profit of the Company for each financial year as calculated in the manner prescribed for the purpose under the Companies Act, 2013 read with its applicable rules for the time being in force.

S. Sreekanth Reddy, Executive Director

Pursuant to a resolution passed by the Board of Directors at the meeting held on May 26, 2016 and by the members of our Company at its annual general meeting held on September 28, 2016, S. Sreekanth Reddy was re-appointed as an Executive Director of our Company for a period of three years with effect from June 26, 2016.

As per the resolution of members of our Company at its annual general meeting held on September 28, 2016, the terms of appointment of S. Sreekanth Reddy are as under

Particulars	Remuneration
Salary	₹ 5 lakhs per month
Perquisites	In addition to the salary, he would be eligible for perks and allowances subject to a maximum of 75% of salary and these could include : Provision of rent free accommodation or house rent allowance, house maintenance and utility allowance. Reimbursement of hospitalization and other medical expenses for self and family, personal

	accident insuarance, car facility, telecommunication facility and club membership fees. Valuation of the above perquisites and allowances will be as per the Income tax Act, 1961 and the rules thereunder and in the absence of such rules, these perquisites and allowances will be valued at cost.
Other Benefits	He will be eligible for contribution to P.F, Superannuation Fund or Annuity Fund to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.
Commission	Such amount of commission as may be fixed by the Board of Directors or a committee thereof to the net profit of the Company for each financial year as calculated in the manner prescribed for the purpose under the Companies Act, 2013 read with its applicable rules for the time being in force.

The remuneration paid by our Company to its Executive Directors during the 9 months' period ended December 31, 2016 and in the Fiscal Year 2016, 2015 and 2014 is stated below:

(₹ in lakhs)

Name of Director	For the 9 months period ended December 31, 2016	Fiscal 2016	Fiscal 2015	Fiscal 2014
Sammidi Veera Reddy	128.14	270.00	324.00	126.00
Dr. S. Anand Reddy	120.16	228.00	173.25	84.00
S. Sreekanth Reddy	77.58	207.00	123.46	63.00

Non-Executive Directors' Sitting Fees

The Non-Executive Directors are paid sitting fees which is determined by the Board of Directors. With effect from May 15, 2012, our Non-Executive Directors are entitled to receive a sitting fee of ₹ 20,000 for attending meetings of our Board and any of its committees.

The following table sets forth all sitting fees paid by our Company to the Non-Executive Directors for the 9 months' period ended December 31, 2016, the Fiscal 2016, Fiscal 2015 and Fiscal 2014:

(₹ in lakhs)

Name of Director	For the 9 months period ended December 31, 2016	Fiscal 2016	Fiscal 2015	Fiscal 2014
Onteddu Swaminatha Reddy	3.20	4.00	3.40	1.80
Sammidi Rachana	1.20	2.00	–	–
K. Thanu Pillai	3.20	3.80	3.60	1.80
Valliyur Hariharan Ramakrishnan	2.60	2.80	–	–
John-Eric Bertrand	0.20	0.60	0.40	0.64
Rajendra Prasad Kandikattu	2.20	3.40	2.00	1.44
G. Suneel Babu*	-	–	0.80	0.72
Ben De Voecht*	-	–	0.20	–
Gilbert Noel Claude Natta**	-	–	–	0.64

**Ceased to be a director with effect from May 21, 2015*
***Ceased to be a director with effect from December 17, 2013*

Corporate Governance

Regulation 17 of the Listing Regulations requires that at least half of the Board of Directors should comprise of nonexecutive directors. In addition, it also requires that if our chairman is a non-executive director, at least one-third of the Board of Directors should comprise independent directors and in case he is an executive director, at least half of the Board of Directors should be comprised of independent directors. The Board of Directors presently consists of nine (9) directors. In compliance with the requirements of the Listing Regulations and the Companies Act, the Board of Directors includes three (3) independent Directors. We are in compliance with the corporate governance provision of the Listing Regulations which requires at least one woman director on our Board of Directors at all times. The corporate governance framework, *inter alia,* is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of committees of the Board, as required under law. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas.

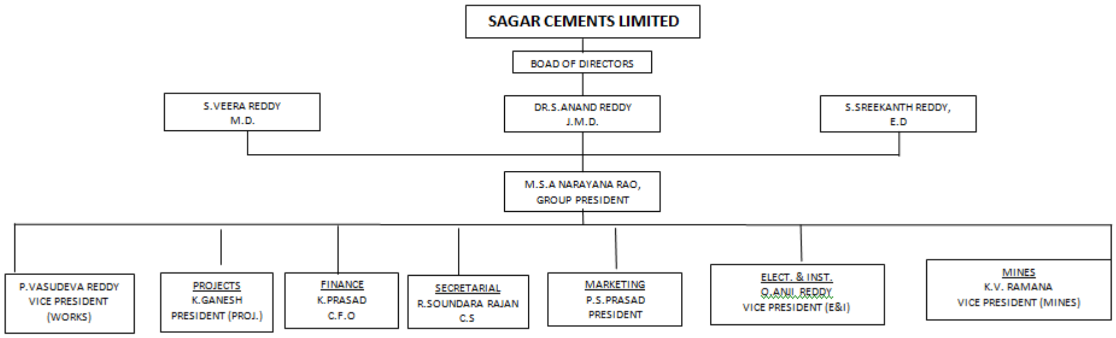
Committee of the Board of Directors

The Board of Directors has six committees, which have been, *inter alia*, constituted and function in accordance with the relevant provisions of the Companies Act and Chapter IV of the Listing Regulations: (i) Audit Committee, (ii) Nomination and Remuneration Committee, (iii) Stakeholders' Relationship Committee, (iv) Investment Committee, (v) Corporate Social Responsibility Committee; and (vi) Securities Allotment Committee.

The following table sets forth the details of the members of the aforesaid committees:

Committee	Members
Audit Committee	Onteddu Swaminatha Reddy (Chairman) K. Thanu Pillai Valliyur Hariharan Ramakrishnan Rajendra Prasad Kandikattu
Nomination and Remuneration Committee	K. Thanu Pillai (Chairman) Onteddu Swaminatha Reddy Rajendra Prasad Kandikattu Sammidi Rachana
Stakeholders Relationship Committee	K. Rajendra Prasad (Chairman) Dr. S. Anand Reddy
Investment Committee	Onteddu Swaminatha Reddy (Chairman) Sammidi Veera Reddy K. Thanu Pillai
Corporate Social Responsibility Committee	K. Thanu Pillai (Chairman) Dr. S. Anand Reddy S. Sreekanth Reddy
Securities Allotment Committee	Onteddu Swaminatha Reddy (Chairman) K. Thanu Pillai Valliyur Hariharan Ramakrishnan

ORGANIZATION STRUCTURE



Senior Managerial Personnel

Name	Designation	Number of years associated with our Company
M.S. A Narayana Rao	Group President	7 Years
K. Ganesh	President (Projects)	24 Years
Kolluru Prasad	Chief Financial Officer	13 Years
P. S. Prasad	President (Marketing)	15 Years
O. Anji Reddy	Vice President (Electrical and Instrumentation)	10 Years
K. V. Ramana	Vice President (Mines)	10 Years
P. Vasudeva Reddy	Vice President (Works)	6 Years
R. Soundararajan	Company Secretary and Compliance Officer	12 Years

Below are the brief details of the Senior Managerial Personnel of our Company:

For brief details of our Managing Director, Sammidi Veera Reddy, Joint Managing Director, Dr. S. Anand Reddy and Executive Director, S. Sreekanth Reddy, please refer to the paragraph titled '*Brief Profile of the Directors of our Company*' beginning on page number 132.

M. S. A Narayana Rao, aged 72 years, is the Group President of our Company. He holds a Bachelor's degree with honors in Engineering (mechanical) from the Andhra University. He is responsible for administration and management of production at our Company. He has been associated with our Company since February 5, 2009. Prior to joining our Company, he was associated with NCL Industries Limited.

K. Ganesh, aged 54 years, is the President (Projects) of our Company. He holds a Diploma of Licentiateship from State Board of Technical Education & Training, Hyderabad. He is also a member of the Indian Institution of Plant Engineers. He is responsible for business strategy and planning, financial planning and streamlining existing business processes and implementing the projects of the Company. He has been associated with our Company since 1992. Prior to joining our Company, he was associated with Techno Craft Engineering Private Limited.

Kolluru Prasad, aged 45 years, is the Chief Financial Officer of our Company. He holds a Bachelor's degree in Commerce from Sri Venkateshwara University and a Master's degree in Commerce from Osmania University. He is a qualified chartered accountant and a member of the Institute of Chartered Accountants of India. He is responsible for management of finance, accounts, taxation and other statutory matters of our Company. He has been associated with our Company since 2003.

P. S. Prasad, aged 63 years, is the President (Marketing) of our Company. He holds a Bachelor's degree in arts from the Andhra University. He is responsible for the sales and marketing activities of our Company. He has been associated with our Company since March 15, 2001.

O. Anji Reddy, aged 56 years, is the Vice President (Electrical and Instrumentation) of our Company. He holds a Bachelor's degree in Science from the Nagarjuna University and a Master's degree in Science (Technology) from the Andhra University. He is responsible for handling the electrical and instrumentation processes of manufacturing in our Company. He has been associated with our Company since December 18, 2006. Prior to joining our Company, he was associated with NCL Industries Limited.

K. V. Ramana, aged 53 years, is the Vice President (Mines) of our Company. He holds a Manager's First Class Certificate of Competency issued under the Mines Act, 1952, a Master of Business Administration from the Indira Gandhi National Open University and is an associate member of the Institute of Engineers (India). He is also a fellow member of the Mining Engineers' Association of India. He is responsible for handling the mining activities of our Company. Initially he was working with our Company and relived on December 9, 2003 and joined Emirates National. He again joined our Company on December 13, 2006.

P. Vasudeva Reddy, aged 59 years, is the Vice President (Works) of our Company. He holds a Bachelor's degree in Science from Sri Venkateshwara University. He is responsible for the overall operations of our manufacturing facility. He has been associated with our Company since 2010. Prior to joining our Company, he was associated with Rain Commodities Limited (Priya Cement).

R. Soundararajan, aged 67 years, is the Company Secretary and Compliance Officer of our Company. He holds a Master's degree in Commerce from University of Mysore and Bachelor's degree in Law from Osmania University. He is a qualified company secretary and a fellow member of the Institute of Company Secretaries of India. He is an associate member of the Institute of Cost Accountants of India. He is responsible for the secretarial functions and corporate law matters of our Company. He has been associated with our Company since July 1, 2004.

All the Senior Managerial Personnel are permanent employees of our Company.

Relationship with the Directors and other senior managerial personnel

None of our senior managerial personnel are related to the directors or with each other.

Interests of Senior Managerial Personnel

The senior managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and the Equity Shares held by them in our Company. Following are the details of Equity Shares held by our senior managerial personnel as on December 31, 2016:

Name of the Senior Managerial Personnel	Number of Equity Shares held as on December 31, 2016	Per cent of total number of outstanding Equity Shares
M.S. A Narayana Rao	Nil	Nil
K. Ganesh	Nil	Nil
P. S. Prasad	Nil	Nil
O. Anji Reddy	Nil	Nil
K. V. Ramana	Nil	Nil
P. Vasudeva Reddy	Nil	Nil
Kolluru Prasad	Nil	Nil
R. Soundararajan	10	Negligible

Employees' Stock Option Plan

Our Company does not have any Employees' Stock Option Plan as on date of this Preliminary Placement Document.

Loans to Senior Managerial Personnel

As on the date of this Preliminary Placement Document, there are no amounts which are due to our Company, from any of its Directors or Senior Managerial Personnel in the nature of loans and advances. Our Company has not given any guarantees in favour of any Director or any member of our Senior Managerial Personnel.

Payment or Benefit to Directors and Senior Managerial Personnel of our Company

The perquisites and allowances that may be payable to the Directors are in accordance with the Companies Act, 2013. The perquisites and allowances that may be payable to the senior managerial personnel of our Company are in accordance with our Company's human resources policies. Except as disclosed above, our Directors and senior managerial personnel are not entitled to any other non-salary related amount or benefit

Related Party Transactions

Related party transactions entered by our Company during the last three Financial Years are determined in accordance with Accounting Standard 18 issued by the ICAI. For further details, see the section "***Financial Statements – Related Party Transactions***".

Policy on disclosure and internal procedure for prevention of insider trading

Regulation 12(1) of the SEBI Prohibition of Insider Trading Regulation applies to our Company and its employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Prohibition of Insider Trading Regulations.

Other Confirmations

Except as stated above in "*Interest of our Directors*" and "*Interests of Senior Managerial Personnel*", none of our Directors or any Senior Management of our Company has any financial or other material interest in this Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

PRINCIPAL SHAREHOLDERS

The table below represents the shareholding pattern of our Company in accordance with Regulation 31 of the Listing Regulations, as on December 31, 2016:

Summary statement holding of Equity Shares

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	12	1,02,05,651	1,02,05,651	56.70	22,35,284	21.90	98,99,658
(B) Public	9,444	77,94,349	77,94,349	43.30	32,77,711	42.05	70,13,962
(C1) Shares underlying DRs				0.00		0.00	
(C2) Shares held by Employee Trust				0.00		0.00	
(C) Non Promoter-Non Public				0.00		0.00	
Grand Total	9,456	1,80,00,000	1,80,00,000	100.00	55,12,995	30.63	1,69,13,620

Note: C=C1+C2
Grand Total=A+B+C

Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
A1) Indian				0.00		0.00	
Individuals/Hindu undivided Family	9	90,00,866	90,00,866	50.00	22,35,284	24.83	86,94,873
S Rachana	1	11,64,280	11,64,280	6.47		0.00	11,64,280
Sammidi Veera Reddy	1	16,43,795	16,43,795	9.13		0.00	16,43,795
S Aruna	1	13,69,545	13,69,545	7.61		0.00	13,69,545

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
Sreekanth Reddy Sammidi	1	12,38,753	12,38,753	6.88	10,85,757	87.65	10,85,757
S Vanajatha	1	9,90,769	9,90,769	5.50		0.00	9,90,769
S Anand Reddy	1	13,02,524	13,02,524	7.24	11,49,527	88.25	11,49,527
P V Narasimha Reddy	1	2,000	2,000	0.01		0.00	2,000
N Madhavi	1	5,33,800	5,33,800	2.97		0.00	5,33,800
W Malathi	1	7,55,400	7,55,400	4.20		0.00	7,55,400
Any Other (specify)	3	12,04,785	12,04,785	6.69		0.00	12,04,785
Sagar Priya Housing And Industrial Enterprises Limited	1	8,60,000	8,60,000	4.78		0.00	8,60,000
Panchavati Polyfibres Limited	1	31,500	31,500	0.18		0.00	31,500
Andhra Pradesh Industrial Development Corporation	1	3,13,285	3,13,285	1.74		0.00	3,13,285
Sub Total A1	12	1,02,05,651	1,02,05,651	56.70	22,35,284	21.90	98,99,658
A2) Foreign				0.00		0.00	
A=A1+A2	12	1,02,05,651	1,02,05,651	56.70	22,35,284	21.90	98,99,658

Statement showing shareholding pattern of the Public shareholder

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialized form(Not Applicable)
							No. (a)	As a % of total Shares held(b)	
B1) Institutions	0	0		0.00		0.00		0.00	

Mutual Funds/	9	963177	9,63,177	5.35	9,63,177	5.35		0.00	9,61,577
SBI Magnum Comma Fund	1	938045	9,38,045	5.21	9,38,045	5.21		0.00	9,38,045
Foreign Portfolio Investors	4	380775	3,80,775	2.12	3,80,775	2.12		0.00	3,80,775
Kotak Mahindra (International) Limited	1	375000	3,75,000	2.08	3,75,000	2.08		0.00	3,75,000
Financial Institutions/ Banks	7	5384	5,384	0.03	5,384	0.03		0.00	1,434
Sub Total B1	20	1349336	13,49,336	7.50	13,49,336	7.50		0.00	13,43,786
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00		0.00	
B3) Non-Institutions	0	0		0.00		0.00		0.00	
Individual share capital upto Rs. 2 Lacs	9023	1390380	13,90,380	7.72	13,90,380	7.72		0.00	9,26,612
Individual share capital in excess of Rs. 2 Lacs	4	180120	1,80,120	1.00	1,80,120	1.00		0.00	1,80,120
NBFCs registered with RBI	2	780	780	0.00	780	0.00		0.00	780
Any Other (specify)	395	4873733	48,73,733	27.08	48,73,733	27.08	32,77,711	67.25	45,62,664
AVH Resources India Private Limited	1	3583704	35,83,704	19.91	35,83,704	19.91	32,77,711	91.46	32,77,711
Twinvest Financial Services Limited	1	813327	8,13,327	4.52	8,13,327	4.52		0.00	8,13,327
Sub Total B3	9424	6445013	64,45,013	35.81	64,45,013	35.81	32,77,711	50.86	56,70,176
B=B1+B2+B3	9444	7794349	77,94,349	43.30	77,94,349	43.30	32,77,711	42.05	70,13,962

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, bidding, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the Global Coordinators and Book Running Lead Managers. Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the Global Coordinators and Book Running Lead Managers and its respective directors, officers, agents, advisors, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Global Coordinators and Book Running Lead Managers and its respective directors, officers, agents, advisors, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares. Investor is advised to inform themselves of any restrictions or limitations that may be applicable to them. See the sections "Distribution and Solicitation Restrictions" and "Transfer Restrictions" beginning on pages 160 and 170, respectively.

Qualified Institutions Placement

The Issue is being made only to QIBs in reliance upon Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and, through the mechanism of a QIP. Under Chapter VIII of the ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company may issue equity shares to QIBs subject to certain conditions including:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must specify (a) that the allotment of securities is proposed to be made pursuant to the QIP; and (b) the Relevant Date;

- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same financial year does not exceed five times the net worth (as defined in the ICDR Regulations) of the issuer as per the audited balance sheet of the previous financial year;

- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;

- the issuer shall have completed allotments with respect to any prior offer or invitation made by the issuer or shall have withdrawn or abandoned any prior invitation or offer made by the issuer;

- the issuer shall offer to each Allottee at least such number of the securities in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the securities;

- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the QIB to whom the offer is made and is sent within 30 days of recording the names of such QIBs;

- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the issue is prohibited

At least 10% of the equity shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to mutual funds remains unsubscribed, it may be allotted to other QIBs.

Bidders are not allowed to withdraw their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class of the Equity Shares of the Issuer quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of up to 5% of the Floor Price is permitted in accordance with the provisions of the ICDR Regulations.

The "Relevant Date" referred to above, for Floor Price, will be the date of the meeting in which the Board of Directors or any committee duly authorised by the Board of Directors decides to open the Issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the Relevant Date.

Our Company has applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1) of the Listing Regulations for the listing of the Equity Shares on the Stock Exchanges. Our Company has also delivered a copy of this Preliminary Placement Document to the Stock Exchanges.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Issue has been authorized by (i) the Board pursuant to a resolution passed on October 26, 2016, and (ii) the shareholders, pursuant to a resolution passed at the EGM held on November 23, 2016.

The Equity Shares will be Allotted within 12 months from the date of the shareholders' resolution approving the QIP and within 60 days from the date of receipt of subscription money from the successful Bidders. For details of refund of application money, please see the section "*Issue Procedure – Pricing and Allocation – Designated Date and Allotment of Equity Shares*" beginning on page number 147.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule XVIII of the ICDR Regulations and the requirements prescribed under Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014. The Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of Allottees for the Issue shall not be less than:

- two, where the issue size is less than or equal to ₹ 25,000 lakhs; and
- five, where the issue size is greater than ₹ 25,000 lakhs.

No single allottee shall be allotted more than 50 % of the issue size.

QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", please see the section "*Issue Procedure—Application Process—Application Form*" beginning on page number 147.

Securities allotted to a QIB pursuant to the Issue shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India. Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in reliance on Regulation S. For a description of certain restrictions on transfer of the Equity Shares, please see "*Transfer Restrictions*" beginning on page number 170.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company and the Global Coordinators and Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to the QIBs and the Application Form will be specifically addressed to such QIBs. In terms of Section 42(7) of the Companies Act, 2013, our Company shall maintain complete records of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and SEBI within the stipulated time period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

2. The list of QIBs to whom the Bid-cum-Application Form is delivered shall be determined by our Company in consultation with the Global Coordinators and Book Running Lead Managers. UNLESS A SERIALLY NUMBERED PRELIMINARY PLACEMENT DOCUMENT ALONG WITH THE SERIALLY NUMBERED APPLICATION FORM IS ADDRESSED TO A PARTICULAR QIB, NO INVITATION TO SUBSCRIBE SHALL BE DEEMED TO HAVE BEEN MADE TO SUCH QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. Our Company shall intimate the Bid/Issue Opening Date to the Stock Exchanges.

3. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Global Coordinators and Book Running Lead Managers.

4. Bidders will be required to indicate the following in the Application Form:

- name of the QIB to whom Equity Shares are to be Allotted;
- number of Equity Shares Bid for;
- price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by our Company in consultation with the Global Coordinators and Book Running Lead Managers at or above the Floor Price or the Floor Price net of such discount as approved in accordance with ICDR Regulations;
- details of the depository account to which the Equity Shares should be credited; and
- a representation that it is outside the United States, and it has agreed to certain other representations set forth in the Application Form;
- SEBI registration number, if applicable.

Note: Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered as an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids. FIIs or sub-accounts of FIIs are required to indicate SEBI FII/ sub-account registration number in the Application Form.

5. Once a duly completed Application Form (including the revision of bids) is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Issue Closing Date. The Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

6. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI. Upon receipt of the Application Form, after the Issue Closing Date, our Company shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue in consultation with the Global Coordinators and Book Running Lead Managers. Upon determination of the final terms of the Equity Shares, the Global Coordinators and Book Running Lead Managers will send the serially numbered CANs, , along with serially numbered Placement Document, to the QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIB to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. **PLEASE NOTE THAT THE ALLOCATION WILL BE AT THE ABSOLUTE DISCRETION OF OUR COMPANY.**

7. Pursuant to receiving a CAN, each successful Bidder shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Company's designated bank account by the Pay-In Date as specified in the CAN sent to the respective successful Bidder. No payment shall be made by successful Bidder in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.

8. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CANs sent to the successful Bidder.

9. After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for final listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the successful Bidder.

10. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

11. Our Company will then apply for the final trading approvals from the Stock Exchanges.

12. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

13. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the Global Coordinators and Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations are eligible to invest. Currently, under Regulation 2(1)(zd) of the ICDR Regulations, a QIB means:

- alternate investment funds registered with SEBI
- Eligible FPIs;
- foreign venture capital investors registered with SEBI;
- insurance companies registered with Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Fund;
- pension funds with minimum corpus of ₹ 2,500 lakhs;
- provident funds with minimum corpus of ₹ 2,500 lakhs;
- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporation;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; and
- venture capital funds registered with SEBI;

FIIs (other than a sub-account which is a foreign corporate or a foreign individual) and Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule 2 and Schedule 2A of FEMA 20 respectively, in this Issue. FIIs and Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA 20, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company. As of the date of this Preliminary Placement Document, the total holding of FPI shall not exceed 24% of the paid-up Equity Share capital of our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII or sub-account (other than a sub-account which is a foreign corporate or a foreign individual) who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. FPI's investing in this Issue should ensure that they are eligible under the applicable law or regulation to apply in this Issue.

Allotments to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

Under Regulation 86(1) (b) of the ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter or persons related to the Promoter;

- veto rights; or

- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Company and the Global Coordinators and Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code, and the QIB shall be solely responsible for compliance with the provisions of the Takeover Code, SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable laws, rules, regulations, guidelines and circulars.

A minimum of 10% of the Equity Shares in the Issue shall be allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion (or part thereof not so taken up) may be allotted to other QIBs.

Note: Affiliates or associates of the Global Coordinators and Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

Application Process

Application Form

QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Global Coordinators and Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections *"Notice to Investors", "Distribution and Solicitation Restrictions"* and *"Transfer Restrictions"* beginning on pages 2, 160, and 170, respectively:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the ICDR Regulations and is not excluded under Regulation 86 of the ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in the Issue;

2. The QIB confirms that it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter as defined in the ICDR Regulations;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter as defined in the ICDR Regulations;

4. The QIB acknowledges that it has no right to withdraw its Application after the Issue Closing Date;

5. The QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Code;

8. The QIB confirms that to the best of its knowledge and belief, the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50 per cent of the Issue Size. For the purposes of this representation:

- The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

- 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Code;

9. The QIBs shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PERMANENT ACCOUNT NUMBER, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

IF SO REQUIRED BY THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, THE QIB SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, COLLECTION BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the QIB upon issuance of the CAN by our Company in favour of the QIB.

Bids by Mutual Funds

The bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. Each scheme/fund of a mutual fund registered with SEBI, will have to submit separate Application Form.

Each mutual fund will have to submit separate Application Forms for each of its participating schemes. Such applications will not be treated as multiple bids provided that the bids clearly indicate the scheme for which the bid has been made. However, for the purpose of calculating the number of allotters/applicants, various schemes of the same mutual fund will be considered as a single allottee/applicant.

The above information is given for the benefit of the Bidders. We and the Global Coordinators and Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Preliminary Placement Document. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under the applicable laws and regulations.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for. All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Global Coordinators and Book Running Lead Managers either through electronic form or through physical delivery at the following address:

Name	***Address***	***Contact Person***	***Contact Details***
Anand Rathi Advisors Limited	10th Floor, Trade D, Kamla City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India	Chintan Hefa/ Lokesh Bhandari	sagar.qip@rathi.com
YES Securities (India) Limited	IFC, Tower 1 & 2, Unit no. 602 A, 6th Floor, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013, Maharashtra, India	Mukesh Garg	dlprojectocean@yessecuritiesltd.in

The Global Coordinators and Book Running Lead Managers shall not be required to provide any written acknowledgement of receipt of the Application Form.

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the Book

The QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to the Global Coordinators and Book Running Lead Managers. Such Bids cannot be withdrawn after the Issue Closing Date. The book shall be maintained by the Global Coordinators and Book Running Lead Managers.

Price Discovery and Allocation

Our Company, in consultation with the Global Coordinators and Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than five (5) % on the Floor Price in terms of Regulation 85 of the ICDR Regulations.

After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Global Coordinators and Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the ICDR Regulations. Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand.

The Allocation to all such QIBs will be made at the Issue Price. Allocation shall be decided by us in consultation with the Global Coordinators and Book Running Lead Managers on a discretionary basis. Allocation to Mutual Funds for up to a minimum of 10 % of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the Global Coordinators and Book Running Lead Managers, in their sole and absolute discretion, shall decide the successful Bidder to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such successful Bidder. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective successful Bidder's account.

The successful Bidders would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN. The dispatch of the serially numbered Placement Document and the serially numbered CAN to the successful QIBs shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by Company and the Global Coordinators and Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened an escrow bank account; the *"Sagar Cements Limited – QIP Escrow Account"* with YES Bank Limited in terms of the arrangement among our Company, the Global Coordinators and Book Running Lead Managers and YES Bank Limited as escrow bank. The QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in, and in accordance with, the respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favoring *"Sagar Cements Limited – QIP Escrow Account"* within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in *"Sagar Cements Limited – QIP Escrow Account"* only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

In case of cancellations or default by the QIBs, our Company, the Global Coordinators and Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the successful QIBs pay the amount payable as mentioned in the CAN issued to them to the *"Sagar Cements Limited – QIP Escrow Account"* as stated above. The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. Post the Allotment, the successful Bidders/Allottee would also be sent a serially numbered Placement Document either in electronic form or by physical delivery.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever. Post the Allotment and credit of Equity Shares into the QIBs' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges.

In the case of QIBs who have been Allotted more than five (5) per cent of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

The Escrow Bank shall release the monies lying to the credit of the Escrow Cash Account to our Company after Allotment of Equity Shares to QIBs.

In accordance with the Companies Act, 2013, in the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or there is a cancellation of the Issue within 60 days from the date of receipt of application money from a successful Bidder, our Company shall repay the application money within 15 days from expiry of 60 day period, failing which our Company shall repay that money to such successful Bidders with interest at the rate of 12 per cent per annum from expiry of the 60th day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the QIBs.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Global Coordinators and Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Global Coordinators and Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in the Issue shall be only in dematerialized form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode). A QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL. The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Global Coordinators and Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the QIBs.

Release of funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the *"Sagar Cements Limited – QIP Escrow Account"* till such time, that it receives an instruction in pursuance to the Escrow Agreement, along with the Listing approval of the Stock Exchanges for the Equity Shares offered in the Issue.

PLACEMENT

Placement Agreement

The Global Coordinators and Book Running Lead Managers have entered into a placement agreement dated February 7, 2017 with our Company (the "**Placement Agreement**"), pursuant to which the Global Coordinators and Book Running Lead Managers have agreed to procure, on a reasonable efforts basis, QIBs to subscribe for Equity Shares to be issued pursuant to the Issue, pursuant to Chapter VIII of the SEBI ICDR Regulations and applicable provisions of the Companies Act and Rules made thereunder.

The Placement Agreement contains customary representations and warranties as well as indemnities from us and is subject to certain conditions and termination provisions contained therein.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies in India and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or to any class of investors other than QIBs. Our Company shall make the requisite filings with the Registrar of Companies and the SEBI within the stipulated period as required under the Companies Act and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Applications will be made to list the Equity Shares and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

In connection with the Issue, the Global Coordinators and Book Running Lead Managers (or their respective affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Global Coordinators and Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Global Coordinators and Book Running Lead Managers who are eligible QIBs may purchase Equity Shares and be allocated Equity Shares proprietary purposes and not with a view to distribution or in connection with the issuance of offshore derivative instruments. For further details, please see *"Off-Shore Derivative Instruments"* on page number 9.

The Global Coordinators and Book Running Lead Managers and their affiliates may engage in transactions with and perform services for our Company in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, for which they have received compensation and may in the future receive compensation.

Lock-up

Our Company has agreed that it will not, without the prior written consent of the Global Coordinators and Book Running Lead Managers (which such consent shall not be unreasonably withheld), for the period commencing from the date of the Placement Agreement and ending 180 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise.

Our Promoter and members of the Promoter Group (except Andhra Pradesh Industrial Development Corporation) have agreed that without the prior written consent of the Global Coordinators and Book Running Lead Managers (which such consent shall not be unreasonably withheld), it will not, during the period commencing from the date of the Placement Agreement and ending 180 days after the date of allotment of the Issue Shares, directly or indirectly: (a) sell, lend, pledge, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise; provided however that the foregoing restrictions will (i) not be applicable to any pledge or mortgage of the Equity Shares already existing on the date of the Placement Agreement or transfer of such existing pledge or mortgage; and (ii) not restrict the existing shareholders of our Company from acquiring or purchasing any Equity Shares in our Company, directly or indirectly, in accordance with and subject to applicable laws.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Preliminary Placement Document or any other offering material relating to the Equity Shares are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

GENERAL

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each purchaser of the Equity Shares in the Issue will be required to make, or be deemed to have made, as applicable, the acknowledgments and agreements as described under "***Transfer Restrictions***".

India

This Preliminary Placement Document may not be distributed, directly or indirectly, in India or to residents of India and any Equity Shares may not be offered or sold, directly or indirectly, in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs. This Preliminary Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than to whom the offer is made.

Australia

This Preliminary Placement Document is not a disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) (the "Australian Corporations Act"), and has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under the Australian Corporations Act. Accordingly, (i) the offer of the Equity Shares under this Preliminary Placement Document is only made to "Sophisticated investors" within the meaning of Section 708(8) of the Australian Corporations Act or "Professional Investors" within the meaning of Section 708(11) of the Australian Corporations Act, who in each case are also "wholesale clients" for the purposes of Chapter 7 of the Australian Corporations Act; (ii) this Preliminary Placement Document is made available in Australia only to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their issue or transfer to the offeree under this Preliminary Placement Document.

The Company is not licensed to provide financial product advice in Australia in relation to the Equity Shares. This Preliminary Placement Document is intended to provide general information only and has been prepared without taking into account any particular person's objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. No cooling off period applies in relation to this offer under the Australian Corporations Act.

Cayman Islands

This Preliminary Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. No offer or invitation to purchase Equity Shares may be made to the public in the Cayman Islands.

European Economic Area

This Preliminary Placement Document has been prepared on the basis that the Issue will be made pursuant to an exemption under the Prospectus Directive as implemented in member states of the European Economic Area ("**EEA**") from the requirement to produce and publish a prospectus which is compliant with the Prospectus Directive, as so implemented, for offers of the Equity Shares. Accordingly, any person making or intending to make any offer within the EEA or any of its member states (each, a "Relevant **Member State")** of the Equity Shares which are the subject of the Allotment referred to in this Preliminary Placement Document must only do so in circumstances in which no obligation arises for the Company or the BRLM to produce and publish a prospectus which is compliant with the Prospectus Directive, including Article 3 thereof, as so implemented for such offer. For EEA jurisdictions that have not implemented the Prospectus Directive, all offers of the Equity Shares must be in compliance with the laws of such jurisdictions. None of the Company or the BRLM has authorized, nor do they authorize, the making of any offer of the Equity Shares through any financial intermediary, other than offers made by the BRLM, which constitute a final Allotment of the Equity Shares.

In relation to each Relevant Member State, each BRLM has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date"**), it has not made and will not make an offer of the Equity Shares which are the subject of the Issue contemplated by this Preliminary Placement Document to the public in that Relevant Member State other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100 natural or legal persons or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive subject to obtaining the prior consent of the BRLM nominated by the Company for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of the Equity Shares shall result in a requirement for the publication by the Company or the Global Coordinators and Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive or in circumstances in which the prior consent of the Global Coordinators and Book Running Lead Managers has been obtained to each such proposed offer or resale. The Company, Global Coordinators and Book Running Lead Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong, by means of any document, other than to “professional investors” as defined in the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “Securities and Futures Ordinance”) and any rules made under that Ordinance; or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “Companies Ordinance”); or which do not constitute an offer to the public within the meaning of the Companies Ordinance. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. This Preliminary Placement Document and the Equity Shares have not been and will not be registered with the Securities and Futures Commission of Hong Kong and/or the Stock Exchange of Hong Kong. There are no public markets or platforms in Hong Kong for the purchase or disposal of the Equity Shares. If you are in doubt as to the contents of this Preliminary Placement Document, you must immediately seek legal and investment advice from your solicitor, accountant and/or professional advisors.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the “**FIEL**”) and the Global Coordinators and Book Running Lead Managers have represented and agreed that it will not offer or sell any Equity Shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Korea

We are not making any representation with respect to the eligibility of any recipients of this Preliminary Placement Document to acquire the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the “FSCMA”). Accordingly, the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Equity Shares, except (i) where relevant requirements are satisfied, the Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Equity Shares.

Kuwait

The offering, issuing for private placement, promotion or marketing of the shares of the Company have not been licensed by the Kuwait Capital Markets Authority.

Communications from outside Kuwait to existing or prospective clients in Kuwait, whether made by telephone, electronically or other means, have not been sanctioned or approved by a person duly licensed by the Kuwait Capital Markets Authority to promote or market such foreign securities, as required by local law. Accordingly, no services relating to the promotion, marketing, offering and/or private placement of the shares may be rendered in, or solicited from outside, Kuwait by the offerors, or persons representing them, to existing or prospective clients in Kuwait.

Luxembourg

The Equity Shares offered in this Preliminary Placement Document may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This document is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Equity Shares. Distribution of this Preliminary Placement Document to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without prior written consent of the Company, is prohibited.

Malaysia

No approval from the Securities Commission of Malaysia ("SC") has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the SC in connection with the Issue in Malaysia. Accordingly, this Preliminary Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The Equity Shares may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

New Zealand

No action has been or will be taken by the Global Coordinators or the Book Running Lead Managers which would permit a public offering of any of the Equity Shares, or possession or distribution of any offering material in relation to the Equity Shares to the public in New Zealand other than pursuant to the exemptions set out below.

Each of the Global Coordinators and Book Running Lead Managers represents and agrees, that:

(i) it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any of the Equity Shares; and

(ii) it will not distribute any offering memorandum or advertisement in relation to any offer of the Equity Shares;

in New Zealand other than:

- to persons who are each required to pay a minimum subscription price for the Equity Shares of at least NZ$500,000 (disregarding any amount lent by the offeror, our Company, or any associated person of the offeror or our Company); or

- in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

Each of the Global Coordinators and Book Running Lead Managers will be deemed to represent and agree that it has not offered or sold, and will not offer or sell, any of the Equity Shares to persons whom it believes to be persons to whom any amounts payable on the Equity Shares are or would be subject to New Zealand resident withholding tax, unless such persons certify that they hold a valid certificate of exemption for New Zealand resident withholding tax purposes and provide a New Zealand tax file number to such Global Coordinator or Book Running Lead Manager (in which event the Global Coordinator or Book Running Lead Manager shall provide details thereof to our Company).

Oman

This Preliminary Placement Document and the Equity Shares offered under it are issued pursuant to and governed by the laws of India. This Preliminary Placement Document has not been filed with or registered as a prospectus with the Capital Market Authority of the Sultanate of Oman pursuant to Article 3 of the Capital Market Law (promulgated by Sultani Decree 80/1998, as amended) (Article 3), and will not be offered or sold as an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (promulgated by Sultani Decree 4/1974, as amended) or Article 3.

No offer or marketing of any securities or financial products including the Equity Shares has been or will be made by the Company from within the Sultanate of Oman and no subscription to any securities or financial products may or will be effected or undertaken within the Sultanate of Oman. The Company does not have a presence or representation in the Sultanate of Oman and any purchase of the Equity Shares will be deemed to be made in and under the laws of India. Any offer or marketing of any securities or financial products including the Equity Shares have not been and will not be offered, sold or delivered, and no invitation to subscribe for or to purchase any securities or financial products including the Equity Shares has been or will be made, directly or indirectly, nor may any document or other material in connection therewith will be distributed in the Sultanate of Oman to any person in the Sultanate of Oman other than by an entity duly licensed by the Capital Market Authority of the Sultanate of Oman to market non-Omani securities in the Sultanate of Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

By receiving this Preliminary Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this Preliminary Placement Document has not been registered or approved by the Central Bank of Oman, the Oman Ministry of Commerce and Industry of the Sultanate of Oman, the Oman Capital Market Authority of the Sultanate of Oman or any other authority in the Sultanate of Oman, nor is the Company authorized or licensed by the Central Bank of Oman, the Oman Ministry of Commerce and Industry of the Sultanate of Oman, the Oman Capital Market Authority of the Sultanate of Oman or any other authority in the Sultanate of Oman, to market or sell the Equity Shares within the Sultanate of Oman.

The Equity Shares offered under this Preliminary Placement Document have not and will not be listed on any stock exchange in the Sultanate of Oman.

The Global Coordinators and Book Running Lead Managers are not brokers, dealers, financial advisors or investment advisors licensed under the laws applicable in the Sultanate of Oman, and, as such, do not advise residents of the Sultanate of Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the Sultanate of Oman. This Preliminary Placement Document is confidential and for your information only and nothing in this Preliminary Placement Document is intended to endorse or recommend a particular course of action.

You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

People's Republic of China

This Preliminary Placement Document, may not be circulated or distributed in the People's Republic of China and the Equity Shares may not be offered or sold directly or indirectly to any resident of the People's Republic of China, or offered or sold to any person for reoffering or resale directly or indirectly to any resident of the People's Republic of China except pursuant to applicable laws and regulations of the People's Republic of China. The Book Running Lead Manager has represented and agreed that neither it nor any of its affiliates have offered or sold or will offer or sell any of the Equity Shares in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the Issue. We do not represent that this Preliminary Placement Document may be lawfully distributed, or that any Equity Shares may be lawfully offered, in compliance with any applicable registration or other requirements in the People's Republic of China, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us which would permit a public offering of any Equity Shares or distribution of this document in the People's Republic of China. Accordingly, the Equity Shares are not being offered or sold within the People's Republic of China by means of this Preliminary Placement Document or any other document. Neither this Preliminary Placement Document nor any advertisement or other offering material may be distributed or published in the People's Republic of China, except under circumstances that will result in compliance with any applicable laws and regulations.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorised, permitted or licensed for offering or distribution in Qatar, and the information contained in this Preliminary Placement Document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this Preliminary Placement Document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of this Preliminary Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This Preliminary Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "QFC"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. The Bank has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

This Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 20/08/1424H (corresponding to 04/10/2004G), as amended (the "Offers of Securities Regulations") issued by the Capital Market Authority in the Kingdom of Saudi Arabia.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Preliminary Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity

Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document you should consult an authorized financial adviser.

Any investor in the Kingdom of Saudi Arabia (a "Saudi Investor") who acquires the Equity Shares pursuant to the Issue should note that the offer of the Equity Shares is being made as a private placement by way of an "offer restricted to sophisticated investors" pursuant to Article 10 of the Offers of Securities Regulations.

Each of Global Coordinators and Book Running Lead Managers and the Company has represented and agreed that the Equity Shares may be only offered to sophisticated investors as defined in the Offers of Securities Regulations, being any of the following persons: (a) authorized persons (being persons authorized by the Capital Market Authority to carry on securities business in the Kingdom of Saudi Arabia) acting for their own account; (b) clients of a person authorized by the Capital Market Authority to conduct managing activities provided that the offer of the Equity Shares to them is made through the authorized person, all relevant communications are made through the authorized person and the authorized person has been engaged as an investment manager on terms which enable it to make decisions concerning the acceptance of private placement offers of the Equity Shares on the client's behalf without reference to the client; (c) the government of the Kingdom of Saudi Arabia, any supranational authority recognized by the Capital Market Authority, the Saudi Stock Exchange and any other stock exchange recognized by the Capital Market Authority or the Depositary Centre; (d) institutions (being: (i) any company which owns, or which is a member of a group which owns, net assets of not less than SAR50 million; (ii) any unincorporated body, partnership or other organization which has net assets of not less than 50 million Saudi Riyals; or (iii) any person ("A") whilst acting in the capacity of director, officer or employee of a person ("B") falling within sub-paragraphs (i) or (ii) above where A is responsible for B undertaking any securities activity) acting for their own account; (e) professional investors (being any natural person who fulfils at least two of the following criteria: (i) he has carried out at least 10 transactions per quarter over the previous four quarters of a minimum total amount of SAR40 million on securities markets; (ii) the size of his securities portfolio exceeds SAR10 million; or (iii) he works or has worked for one or more year in the financial sector in a professional position which requires knowledge of securities investment); or (f) any other person prescribed by the Capital Market Authority. By accepting this Preliminary Placement Document and other information relating to the offering of the Equity Shares, each recipient represents that he is a "sophisticated investor" for the purpose of the Offers of Securities Regulations.

The offer of the Equity Shares in the Kingdom of Saudi Arabia shall not therefore constitute a ''public offer'' pursuant to the Offers of Securities Regulations, but the Equity Shares will be subject in the Kingdom of Saudi Arabia to the following restrictions on secondary market activity pursuant to Article 17 of the Offers of Securities Regulations:

(a) A Saudi Investor (the "transferor") who has acquired the Equity Shares pursuant to the private placement may not offer or sell the Equity Shares to any person (referred to as a "transferee") unless the offer or sale is made through an authorized person and where: (i) the price to be paid by the transferee for such Equity Shares equals or exceeds SAR1 million; (ii) the securities are offered to a "sophisticated investor" for purposes of the Offers of Securities Regulations; or (iii) the securities are being offered or sold in such other circumstances as the Capital Market Authority may prescribe for these purposes.

(b) If the provisions of paragraph (a) above cannot be fulfilled because the price of the Equity Shares being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Equity Shares to the transferee if their purchase price during the period of the original private placement was equal to or exceeded SAR1 million.

(c) If the provisions of paragraph (b) above cannot be fulfilled, the transferor may offer or sell the Equity Shares if he sells his entire holding of Equity Shares to one transferee.

(d) The provisions of paragraphs (a), (b) and (c) above shall apply to all offers and sales of the Equity Shares by any subsequent transferees of the Equity Shares.

Singapore

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Future Act (Chapter 289) of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are acquired by a person pursuant to Section 274 or 275 of the SFA, such Equity Shares shall not be transferable for six months after that person has acquired the Equity Shares, except (i) to another person who is an institutional investor or a relevant person, or (ii) pursuant to Section 275(1A) of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are subscribed or purchased pursuant to Section 275 of the SFA by a relevant person who is:

- a corporation which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, in accordance with the conditions, specified in Section 275 of the SFA as applicable; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Switzerland

The Equity Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Preliminary Placement Document nor any other offering or marketing material relating to the Equity Shares or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the Equity Shares or the Issue or us have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Preliminary Placement Document will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the Issue has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Issue Securities.

The Equity Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Preliminary Placement Document, as well as any other offering or marketing material relating to the Equity Shares, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Equity Shares in Switzerland and it does not constitute an offer to any other person. This Preliminary Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Preliminary Placement Document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the "UAE"), or by the Dubai Financial Services Authority or any other authority in any of the free zones established and operating in the UAE (the "Free Zones"). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE exchange. It should not be assumed that any of us, the Global Coordinators and Book Running Lead Managers (i) has received any authorisation or licence from the UAE Central Bank or any other authorities in the UAE or any Free Zone to sell or market the Equity Shares therein; (ii) is a licensed broker, dealer or investment adviser under the laws applicable in the UAE or any Free Zone; or (iii) advises residents of the UAE or any Free Zone as to the appropriateness of investing in or purchasing or selling securities or other financial products.

This Preliminary Placement Document does not constitute a public offer of securities in the UAE under the UAE Commercial Companies Law (Federal Law No. 2 of 2015) or otherwise. This Preliminary Placement Document is being distributed to a limited number of selected institutional and other sophisticated investors in the UAE (a) upon their request and confirmation that they understand that the Equity Shares have not been approved or licensed by or registered with the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the UAE and may not be offered or sold directly or indirectly to the public in the UAE; and (b) on the condition that this Preliminary Placement Document will not be provided to any person other than the original recipient, is not for general circulation in the UAE and may not be reproduced or used for any other purpose. The information contained in this Preliminary Placement Document is not intended to lead to the sale of any securities or the consummation of any agreement of any nature within the territory of the UAE.

Dubai International Financial Centre

The Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

- an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "DFSA"); and

- made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

United Kingdom

The Equity Shares cannot be promoted in the United Kingdom to the general public. The contents of this Preliminary Placement Document have not been approved by an authorized person within the meaning of the Financial Services and Markets Act 2000, as amended ("FSMA"). The Global Coordinators and Book Running Lead Managers (a) may only communicate or cause to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of FSMA does not apply to the Company; and (b) has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this Preliminary Placement Document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales occur. Each purchaser of the Equity Shares offered by this Preliminary Placement Document will be deemed to have made the representations, agreements and acknowledgements as described under "***Transfer Restrictions***" in this Preliminary Placement Document.

The Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offense in the United States.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VIII of the ICDR Regulations, Succesful Bidder are not permitted to sell the Equity Shares Allotted pursuant to the Issue for a period of one year from the date of Allotment, except on the Stock Exchanges. Additionally, purchasers are deemed to have represented, agreed and acknowledged as below with respect to purchase and sale of Equity Shares.

General

Subject to the foregoing, by accepting this Preliminary Placement Document and purchasing any Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed with the Company and the Global Coordinators and Book Running Lead Managers as follows:

- you have received a copy of this Preliminary Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning the Company or the Equity Shares and neither the Company nor any other person responsible for this document or any part of it or the Global Coordinators and Book Running Lead Managers will have any liability for any such other information or representation;

- you are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you agree that you will not offer, sell, pledge or otherwise transfer such Equity Shares except in offshore transactions complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- you are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

- the Equity Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S;

- you are a sophisticated investor and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions;

- you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or the Book Running Lead Manager or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;

- you have been provided access to this Preliminary Placement Document which you have read in its entirety;

- you agree to indemnify and hold the Company and the Book Running Lead Manager and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Company or the Book Running Lead Manager and their respective affiliates liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares;

- where you are subscribing to the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and you hereby make) the acknowledgements and agreements herein for and on behalf of each such account; and

- the Company, the Global Coordinators and Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Global Coordinators and Book Running Lead Managers on its own behalf and on behalf of the Company, and (b) to the Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Company.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Company.

INDIAN SECURITIES MARKET

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Global Coordinators and Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ("SCR (SECC) Rules"), which regulates inter alia the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority. Most of the stock exchanges have their own governing board for self-regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalization and trading activity.

Listing and Delisting of Securities

The listing of securities on a recognized Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI including the Listing Regulations. The SCRA empowers the governing body of each recognized stock exchange to, amongst other things, suspend trading of, or withdraw admission to dealings in, a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the Listing Regulations or for any reason, subject to our company receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the Listing Regulations and bye-laws of the stock exchanges in India, to overrule decisions by the governing body of the stock exchanges and withdraw recognition of a recognized stock exchange.

All listed companies are required to ensure a minimum public shareholding of 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Disclosures under the Companies Act, 2013 and Listing Regulations

Public limited companies are required under the Companies Act and the Listing Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, related party transactions and management's discussion and analysis as required under the Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered bymovement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier. With effect from October 1, 2013, the Stock Exchanges, shall on a daily basis translate the 10 %, 15 % and 20 % circuit breaker limits of market wide index variation based on the previous days' closing level of the index.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20 % movements either up or down for all scrips in the compulsory rolling settlement. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be maintained by the stockbrokers.

BSE

BSE was established in 1875 and is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India. Pursuant to the BSE (Corporatisation and Demutualisation) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated and is now a company under the Companies Act.

NSE

NSE was established by financial institutions and banks to serve as a national exchange and to provide nationwide online satellite-linked screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994 and operations in derivative segment in June 2000.

Stock Market Indices

There are several indices of stock prices on NSE, which include the S&P CNX Nifty, CNX Nifty Junior, S&P CNX Defty, S&P CNX 500, CNX Midcap and CNX100. S&P CNX Nifty is a diversified 50 stock index accounting for various sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds. S&P CNX Nifty is owned and managed by India Index Services and Products Limited (IISL), which is a joint venture between the NSE and CRISIL.

The two indices which are generally used in tracking the aggregate price movements on BSE are the Sensex and the BSE 100 Index. The BSE Sensitive Index, or the Sensex, consists of listed shares of 30 large market capitalization companies. The companies are selected on the basis of market capitalization, liquidity and industry representation. The Sensex was first compiled in 1986 with the fiscal year ended March 31, 1979. The BSE 100 Index (formerly the BSE National Index) contains listed shares of 100 companies, including the 30 in the Sensex, with 1983-1984 as the base year.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with the BSE Online Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (NEAT), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route customer orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code, which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Code will apply to any acquisition of our Company's shares/voting rights/control. The Takeover Code prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Code mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Code also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Prohibition of Insider Trading Regulations

The Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for promoters, employees and directors, with respect to their shareholding in our company, and the changes therein. The definition of "insider" includes any person who is a connected person or in possession of, or having access to, unpublished price sensitive information ("UPSI").

The Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The Insider Trading Regulations, inter alia, impose certain restrictions on the communication of information by listed companies. Under the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act 1996 which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. The SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants and the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to our share capital, including a brief summary of some of the provisions of the Memorandum of Association and Articles of Association, the Companies Act and certain related laws of India, all as currently in effect.

General

Our authorized capital is ₹ 2,200.00 lakhs consisting of 2,20,00,000 Equity Shares of ₹ 10 each. Prior to the Issue, the issued, subscribed and paid-up share capital of our Company is ₹ 1,800.00 lakhs comprising of 1,80,00,000 Equity Shares of ₹ 10 each. For further details please see section "*Capital Structure*" beginning on page 70.

Dividend

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each Fiscal. Under the Companies Act, 2013, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare a dividend. Subject to certain conditions laid down by section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any Fiscal except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of our company for any previous Fiscal(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a lesser dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board of the Directors may pay interim dividend as it thinks fit, subject to the provisions of the Companies Act.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid up share capital and free reserves as per the latest audited balance sheet; (c) the amount so drawn shall be first utilized to set off the losses incurred in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves after such withdrawal shall not fall below 15% of its paid up share capital as per the latest audited balance sheet of our company.

In terms of section 124 of the Companies Act 2013, our Company shall credit such unclaimed dividends to the unpaid dividend account of our Company, and any money transferred to the unclaimed dividend account of our Company which remains unpaid and unclaimed for a period of seven years from the date they became due for payment, shall be transferred by our Company to the 'Investor Education and Protection Fund', established by the GoI, in accordance with section 125 of the Companies Act 2013.

Further, as per regulation 43 of the Listing Regulations, a listed company shall declare and disclose the dividend on per share basis only and shall not forfeit unclaimed dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases. The listed company shall recommend or declare all dividend and/or cash bonuses at least five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.

The Equity Shares issued pursuant to the Issue shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends declared by our Company.

Capitalization of Reserves

As provided in the Articles of Association of our Company, our Company in a general meeting (on recommendation of the Board) may resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of our Company's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution; and that such sum be accordingly set free for distribution in the specified manner amongst the shareholders who would have been entitled thereto and distributed by way as such dividend and in the same proportion.

Any issue of bonus shares by a listed company would be subject to the guidelines issued by the SEBI. The relevant SEBI guidelines prescribe that no company shall, pending conversion of compulsorily convertible securities, issue any shares by way of bonus unless a similar benefit is extended to the holders of such compulsorily convertible securities, through a proportionate reservation of shares. Further, in order to issue bonus shares, a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption thereof and should have sufficient reason to believe that it has not defaulted in respect of any statutory dues of the employees. The declaration of bonus shares in lieu of a dividend cannot be made. A bonus issue may be made out of free reserves built out of genuine profits or share premium collected in cash and not from reserves created by revaluation of fixed assets.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, our Company can increase its share capital by issuing new equity shares. Such new equity shares must be offered to existing shareholders registered on the record date in proportion to the amount paid-up on those equity shares at that date. The offer shall be made by notice specifying the number of equity shares offered and the date (being not less than fifteen days and not exceeding thirty days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the equity shares offered in respect of which no acceptance has been received, in such manner as they think is not disadvantageous to the shareholders and our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares in favor of any other person provided that the person in whose favor such shares have been renounced is approved by the Board in their absolute discretion.

However, under the provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014, new shares may be offered to any persons, whether or not those persons include existing shareholders or employees to whom shares are allotted under a scheme of employees stock options, either for cash or for consideration other than cash, if a special resolution to that effect is passed by the shareholders of our Company in a general meeting. The issue of the Equity Shares pursuant to the Issue has been approved by a special resolution of our Company's shareholders and such shareholders have waived their pre-emptive rights with respect to such Equity Shares.

The Articles of Association provide that our Company may consolidate or sub-divide our Company's share capital or cancel equity shares which have not been taken up by any person and diminish the amount of its share capital by the amount of the Shares so cancelled. Our Company can also alter its share capital by way of a reduction of capital, in accordance with the Companies Act, 2013.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between one AGM and next one, unless extended by the RoC at our request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of our company and every director of our company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

Section 101 of the Companies Act 2013 provides that notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. However, a general meeting may be called at shorter notice if at least 95% of the shareholders entitled to vote at the meeting give their consent.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. Voting is by a show of hands, unless a poll is ordered by the Chairman of the meeting The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

According to the regulation 44 of Listing Regulations, our Company has to provide the facility of remote e-voting to the shareholders, in respect of all shareholders' resolutions. The e-voting facility to be provided to shareholders shall be provided in compliance with the conditions specified under the Companies (Management and Administration) Rules, 2014, or amendments made thereto. Our Company shall submit to the stock exchange, within forty eight hours of conclusion of its General Meeting, details regarding the voting results in the required format. Further, our Company shall send proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against each resolution.

Register of Transfers, Register of Members and Record Date

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Under Section 58 of the Companies Act 2013, if a public company without sufficient cause refuses to register a transfer of shares within 30 days from the date on which the instrument or intimation of transfer is delivered to the company, the transferee may, within a period of 60 days of such refusal or where no intimation has been received from the company, within 90 days of the delivery of the instrument of transfer, appeal to the National Company Law Tribunal seeking to register the transfer of shares.

Pursuant to the Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, our Company is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Companies Act 2013, provides that the shares or debentures of a publicly listed company shall be freely transferable. However, the Board of Directors may, under our Articles of Association, subject to section 58 of the Companies Act and the SCRA, at any time in its absolute discretion decline to register transfer of shares. Notice of such refusal must be sent to the transferee within one month of the date on which the transfer was lodged with our Company.

Liquidation Rights

The Articles of Association of our Company provide that if our Company is wound up, and the assets available for distribution among the members as such are insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. If in the winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital paid up, at the commencement of the winding up, or which ought to have been paid up on the shares held by them respectively.

If our Company is wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the members, in specie or kind, any part of the assets of our Company, and may, with the like sanction, vest any part of the assets of our Company in trustees upon such trusts for the benefit of the members, or any of them, as the liquidators, with the like sanction, shall think fit.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To

The Board of Directors,
Sagar Cements Limited
Plot No. 111, Road No. 10
Jubilee Hills,
Hyderabad,
Telangana - 500 033

Dear Sir(s),

Ref: Certificate of Statement of possible tax benefits available to Sagar Cements Limited and the shareholders in relation to the equity shares prepared in accordance with the requirements under Schedule VIII – Clause (VII) (L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the 'SEBI ICDR Regulations')

We refer to the proposed issue of the shares of Sagar Cements Limited (the "**Company**"). We enclose herewith the statement showing the current position of possible tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961 ('**the Act**') as applicable to the assessment year 2017-18 relevant to the financial year 2016-17 for inclusion in the Preliminary Placement Document and the Placement Document for the proposed issue of shares.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

We do not express any opinion or provide any assurance whether:

- the Company or its shareholders will continue to obtain these benefits in future;
- the conditions prescribed for availing the benefits have been / would be met;
- the revenue authorities / courts will concur with the views expressed herein.

We hereby give our consent to include enclosed statement regarding the possible tax benefits available to the Company and to its shareholders in the Preliminary Placement Document & Placement Document for the proposed QIP which the Company intends to submit to the Stock Exchanges & Securities and Exchange Board of India provided that the below statement of limitation is included in the Preliminary Placement Document & Placement Document.

Limitations

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are *based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investor who may or may not invest in the proposed issue relying on the statement.*

This statement has been prepared solely in connection with the offering of Equity shares by the Company through Qualified Institution Placement under the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the Offerings).

For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No.:008072S

Ganesh Balakrishnan
Partner

Membership No: 201193
Date: February 6, 2017
Place: Secunderabad

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SAGAR CEMENTS LIMITED AND ITS SHAREHOLDERS UNDER INCOME TAX ACT, 1961 ('ACT')

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

This statement has been prepared solely in connection with the offering of Equity shares by the Company through Qualified Institutional Placement under the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the Offerings).

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THEIR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO ITS SHAREHOLDERS

A) Special Tax Benefit available to the Company

There are no special tax benefits available to the Company

B) Special Tax Benefit available to the Shareholders

There are no special tax benefits available to its shareholders

LEGAL PROCEEDINGS

Our Company and our Subsidiary are subject to various legal proceedings from time to time mostly arising in the ordinary course of business that we and our Subsidiary are engaged in. Except as described below, we are not involved in any legal proceedings and our Company and our Subsidiary are not aware of any proceedings that are threatened, which if determined adversely, may have, or have had, a material adverse effect on our business, properties, financial condition or results or operations of our business. We believe that none of the contingencies, either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flows.

Civil cases above the value of ₹46.10 lakhs, which is approximately 1 % of our profit after tax for Fiscal 2016, have been disclosed below. Additionally all material cases pertaining to our Company and our Subsidiary involving public interest litigations, environmental cases and criminal cases, amongst others, have also been disclosed below.

A. Litigations involving our Company

(a) Civil cases filed against our Company

1. Central Power Distribution Company of Andhra Pradesh Limited and Other filed a special leave petition before Supreme Court of India against our Company and Others arising out of writ appeal number 1196 of 2011 for fuel surcharge adjustment for the year 2008 – 2009. Andhra Pradesh Electricity Regulation Commission entertained a fuel surcharge adjustment claims made by the Andhra Pradesh Power Co-ordination Committee on behalf of four Distributing Companies in the state for the financial year 2008 – 2009 beyond the 30 days period stipulated in the Regulation 45 B(4) of the Andhra Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 1999.

2. Four Original Suits bearing number 184 of 2014, 185 of 2014, 186 of 2014 and 187 of 2014 were filed by Narra Chalamaiah, Narra Narsimha Rao, Narra Venkaiah and Narra Sarvaiah ("Petitioners"), respectively before Junior Civil Judge, Huzurnagar against our Company and Other for temporary injunction restraining our Company for possession of land situated at Peddaveedu village of Mattampally, Mandal, Nalgonda ("Disputed Land"). Our Company has claimed that the Disputed Land was leased out to our Company for mining lime stone and the prescribed procedure for granting mining lease was followed by the Government for granting mining lease in favor of our Company. Further, Junior Civil Judge, Huzurnagar *vide* its Order dated May 8, 2015 dismissed the interlocutory applications number 431 of 2014, 427 of 2014, 428 of 2014 and 429 of 2014 flied with Original Suit bearing numbers 184 of 2014, 185 of 2014, 186 of 2014 and 187 of 2014, respectively. Being aggrieved by the order passed by the Junior Civil Judge, Huzurnagar in interlocutory applications, Petitioners have filed civil miscellaneous appeal number 03/2015, 05/2015, 06/2015 and 07/2015 ("Appeals") before Senior Civil Judge, Huzurnagar. The matter is currently pending before the Senior Civil Judge, Huzurnagar.

3. Narra Venkaiah filed a writ petition number 8283 of 2015 against the State of Telangana, our Company and Others before Andhra Pradesh High Court in the nature of writ of mandamus under the Article 226 of the Constitution of India for declaring the inaction of the Respondents in permitting our Company to carry out the mining activity beyond the leased area as illegal, arbitrary and unconstitutional. The Petitioner claimed that the Petitioner is having agricultural land within 50 meters of the mining activity carried out by our Company and as per mining rules and regulations that there should not be mining operation within 50 meters from any public road, building or habitant sites. Our Company has been granted with 1200 acres of land in Survey No. 540 and 541 of Pedapeedu village and subsequently the said land was reduced to 485 acres. The Petitioner also prayed for issuance of interim direction to our Company not to carry mining activity beyond the leased areas as notified under the map dated December 8, 2011. The matter is currently pending before High Court of Andhra Pradesh.

4. Narra Narashimharao has filed an application number 99 of 2016 before the National Green Tribunal, Southern Zone, Chennai ("Green Tribunal") against our Company, Ministry of Environment Forest & Climate Change, Government of India and Others for cancellation of mining lease granted to our Company at Sultanpur Reserve Forest, Matampally, Nalgonda. Our Company has been granted mining lease to an extent of 355 acres of revenue land bearing survey no. 540 of Peddaveedu village, Mattampally, Nalgonda. The Applicant alleged that

out Company has illegally entered into the forest and started mining in 140 acres of forest land. It was also alleged that the activities involves illegal mining and felling of trees which creates adverse effect to the environment as well as the wild animals in that specific areas. The Green Tribunal *vide* its order dated April 27, 2016 directed the Director of Mines and Geology, Telanagana not to permit our Company to carry out the mining activities in the forest area of 65.38 Hectares. Subsequently, the Green Tribunal vide its order dated July 5, 2016 suspended its order its order dated April 27, 2016. The matter is currently pending before Green Tribunal.

Civil cases filed by our Company

1. Our Company filed a writ appeal number. 171 of 2009 before the Andhra Pradesh High Court against the order dated September 22, 2008 issued by the Andhra Pradesh High Court in writ petition number 25461 of 1999. The S.E. (Operations) Nalgonda issued a notice demanding our Company to pay ₹ 63.27 lakhs towards voltage surcharge, contending that our Company has exceeded the voltage stipulations. Our Company has challenged the notice through writ petition number 25461 of 1999, which was dismissed by the High Court of Andhra Pradesh by its order dated September 22, 2008. An appeal was made by our Company against the order of the High Court of Andhra Pradesh. Our Company has filed a writ appeal miscellaneous application number 380 of 2009 in writ appeal number. 171 of 2009 before the Andhra Pradesh High Court for stay the levy and collection of voltage surcharges as demanded by the S.E. (Operations) Nalgonda. The Andhra Pradesh High Court vide its order dated February 25, 2009 granted a stay on collection of voltage surcharge. The matter is currently pending before the High Court of Andhra Pradesh.

2. Our Company filed a writ petition number 20440 of 2014 against the State of Telangana and Others before the Andhra Pradesh High Court for reimbursement of fuel surcharge adjustment paid by our Company. Industrial Investment Promotion Policy was introduced by the Respondent in the year 2005 to drive industrial growth. Our Company has claimed the reimbursement of power cost paid over and above of tariff structure as per Industrial Investment Promotion Policy, for the first year of the eligibility period from 2008 to 2013. However, the Respondent has refused to reimburse the power cost on the ground that the fuel charges imposed on our Company cannot be reimbursed. Our Company filed this writ petition number 20440 of 2014 against State of Telangana claiming reimbursement of the payments made by our Company. Such reimbursement is claimed pursuant to the exemption provided to cement companies under the State industrial policy. The matter is currently pending before High Court of Andhra Pradesh.

3. Our Company filed a writ petition number 7724 of 2012 against the Department of Transport, the Government of Andhra Pradesh and the Regional Transport Officer, Nalgonda before Andhra Pradesh High Court in relation to the demand to pay the alleged arrears of life tax and penalty of dumper, wheel loaders and other equipment of our Company under section 10 of A.P. Motor Vehicle Taxation Act, 1963. Transport officials inspected the mines of our Company and seized dumpers, loaders and vibratory soil compactors stating that such equipment is within the definition of 'motor vehicle' and thus liable for life tax. As per Section 10 of A.P. Motor Vehicle Taxation Act, 1963, mining equipment is exempted from the purview of the said act. Therefore, our Company has filed the writ petition number 7724 of 2012 and writ petition miscellaneous application number 12608 of 2012 before Andhra Pradesh High Court stating that the mining equipment owned by our Company is exclusively used in the mining area and therefore exempted from payment of life tax. Further, Andhra Pradesh High Court has granted a stay in favour of our Company, subject to payment of 50% of the tax by our Company. The matter is currently pending.

4. Our Company filed a writ petition number 476 of 2015 against Southern Power Distribution Company of Telangana Limited and Others before Andhra Pradesh High Court for non-adjustment of cross subsidy surcharge paid by our Company in its CC bill in accordance with the order passed by the Consumer Grievance of Telangana State Southern Power Distribution Company Limited ("**TSSPDC**"). TSSPDC had collected cross subsidy surcharge on open access energy availed by our Company during power holidays declared by the state distribution companies for the year April, 2010; May, 2010 and March, 2012. The same is against the orders dated October 26, 2012 passed by Andhra Pradesh Electricity Regulatory Commission in OP No. 74 to 76 for the financial year 2009 – 2010, 2010 – 2011, 2011– 2012. Our Company filed a writ to direct TSSPDC to permit adjustment of ₹ 50.00 lakhs in the bill for the month of March, 2015. An order was passed by Andhra

Pradesh High Court in favour of our Company directing not to disconnect the power supply to our Company. The matter is currently pending before High Court of Andhra Pradesh.

5. Our Company filed four appeals bearing number 2944 of 2014, 2944 – 1 of 2014, 2944 – 2 of 2014 and 2944 – 3 of 2014 before the Revenue Divisional Officer, Miryalaguda against order of the assignment passed by the Tehsildar, Mattampally. The Tehsildar, Mattampally passed an order of assignment on January 1, 2014 in favour of Narra Chalamaiah, Narra Narsimha Rao, Narra Venkaiah and Narra Sarvaiah ("**Respondents**") and issued assignment certificate for land situated at Peddaveedu village of Mattampally, Mandal, Nalgonda in favour of the Respondents. Our Company filed the abovementioned appeals under section of 158 of Telangana Revenue Act 1317 FASLI for cancellation of assignment pattas granted in favour of the Respondents on the ground that the land granted to them is covered by the mining lease area of our Company. The matter is currently pending before the Revenue Divisional Officer, Miryalaguda.

6. Our Company filed a writ petition number 3541 of 2016 against State of Telangana and Others before Andhra Pradesh High Court seeking a direction in the nature of writ of Certiorari for suspension of order dated January 29, 2016 issued by Divisional Forest Officer, Nalgonda District to stop the mining activities in a part of the leased areas in survey no 540 of Peddaveedu Village Mattampalli Mandal, Nalgonda. The Government has granted limestone mining lease over an extent of 355 acres of land in survey nos. 540 of Peddaveedu Village, Mattampalli Mandal, Nalgonda vide G.Oms.No.86 dated February 17, 1986 for a period of 20 years. The Divisional Forest Officer, Nalgonda *vide* its order dated January 29, 2016 issued a direction to our Company to stop mining activity in a portion of lease land alleging that as per joint inspection conducted from November 3, 2015 to November 6, 2015 in survey no 540, a part of the mining areas falls within the forest land of Sultanpur reserve forest area. An order was passed by Andhra Pradesh High Court in favour of our Company for interim suspension of impugned order dated January 29, 2016. The matter is currently pending before High Court of Andhra Pradesh.

7. Our Company filed a writ petition number 5233 of 2016 against Telangana State Electricity Regulatory Commission ("TSERC"), the Southern Power Distribution Company of Telangana Limited ("SPDCL") and Others before Andhra Pradesh High Court seeking a direction in the nature of writ of mandamus declaring the order passed by TSERC for determining the surcharge, additional surcharge, cross subsidy surcharge as arbitrary and contrary to the provisions of Electricity Act, 2003. Pursuant to an order passed by TSERC in OP No. 76 and 77 of 2015 dated March 27, 2015 as amended by order dated May 7, 2015, a revised bill of ₹ 239.73 lakhs levied on our Company by SPDCL as cross subsidy surcharge for the months of June, 2015 to December, 2015. Our Company paid the entire outstanding bill of ₹ 239.73 lakhs for the months of June, 2015 to December, 2015. Further, SPDCL raised a revised CC bill of ₹ 60.54 lakhs for the month of January, 2016. Being aggrieved by the cross subsidy surcharge of ₹ 60.54 lakhs, our Company has filed the present writ petition. An order was passed by Andhra Pradesh High Court, issuing direction to SPDCL to not to collect cross subsidy charge on the fixed rate, however allowed the Respondents to collect cross subsidy surcharge ₹ 0.11 . The matter is currently pending before High Court of Andhra Pradesh.

8. Our Company filed a writ petition number 6189 of 2016 against State of Telangana and Others before Andhra Pradesh High Court for restraining the Respondents to take coercive steps from collection of the to the District Mineral Foundation from our Company for the period January 15, 2015 up to February 9, 2016 pursuant to price notification number 66/2015 – 16 dated February 9, 2016 issued by The Sihgareni Collieries Company Limited. An order was passed by Andhra Pradesh High Court directing the Respondents not to insist up on any contribution with retrospective effect prior to January 20, 2016. Our Company has entered into a fuel supply agreement with The Sihgareni Collieries Company Limited on April 1, 2014 for purchase of coal for a period of three years. Pursuant to the Price Notification was issued by the State of Telangana, District Mineral Foundation Trust has raised debit notes and directed our Company for remittance of additional 30% of royalties for the period January 15, 2015 up to February 9, 2016. The matter is currently pending before High Court of Andhra Pradesh.

(b) Tax Related Proceedings

Income Tax

There are two (2) income tax matters amounting to ₹ 57.79 lakhs approximately, involving our Company, pending at various levels of adjudication.

Central Excise, Sales Tax and Value Added Tax

There are 10 (ten) central excise sales tax and value added tax matters amounting to ₹ 1,346.18 lakhs approximately, involving our Company, pending at various levels of adjudication.

B. Litigations involving our Subsidiary, BMM Cements Limited ("BMM Cements")

(a) Civil cases filed against BMM Cements

1. Himalaya Cements Industries has filed a revision petition bearing number 02/(19)/2012/RC – II before the Revisional Authority, Ministry of Mines, New Delhi against the State of Andhra Pradesh for revision of order of the State of Hyderabad giving temporary permission for mining lease at Gudipadu village, Yadiki Mandal, Ananthapur. Pursuant to the extension of the mining plan, BMM Cements has received a mining lease permission for limestone in various survey numbers of Gudipadu village, Yadiki Mandal, Ananthapur. Himalaya Cements prayed for issuance of a stay order on (a) the Memo No. 1386/MIII(1)/2011-2 dated August 20, 2011 issued by the State Government of Andhra Pradesh directing the Director of Mines and Geology, Hyderabad and Assistant Director of Mines and Geology, Tadipatri to issue temporary permits for utilization of limestone from the huge Limestone heaps and from the Limestone used for fencing by the pattadars from the areas applied for mining lease by Company; and (b) the Letter of Intent in Memo No. 338/M.III(1)2010-6 dated May 26, 2012. BMM Cements Limited impleaded itself in this case. The matter is currently pending before the Revisional Authority, Ministry of Mines, New Delhi.

2. Himalaya Cements Industries has filed a revision petition bearing number 02 (II)/2013/RCII before the Revisional Authority, Ministry of Mines, New Delhi against the State of Andhra Pradesh for revision of the order of the Director of Mines and Geology, Hyderabad. Pursuant to the extension of the mining plan, BMM Cements has received a mining lease permission for limestone in various survey numbers of Gudipadu village, Yadiki Mandal, Ananthapur. It was alleged that BMM Cements Limited has deviated the norms prescribed in MC Rules 1960 and MMD&R Act, 1957 while submitting the proposal for mining lease. Himalaya Cements Industries prayed for issuance of a stay order on (a) the Memo No. 1386/MIII(1)/2011-2 dated August 20, 2011 issued by the State Government of Andhra Pradesh directing the Director of Mines and Geology, Hyderabad and Assistant Director of Mines and Geology, Tadipatri to issue temporary permits for utilization of limestone from the huge Limestone heaps and from the Limestone used for fencing by the pattadars from the areas applied for mining lease by BMM Cements Limited; and (b) the Letter of Intent in Memo No. 338/M.III(1)2010-6 dated May 26, 2012. BMM Cements Limited filed an application before the Revisional Authority, Ministry of Mines, New Delhi and impleaded itself in this case. The matter is currently pending.

3. Himalaya Cements Industries has filed a revision petition bearing number 02(02)/2016/RCII before the Revisional Authority, Ministry of Mines, New Delhi against the State of Andhra Pradesh and BMM Cements challenging the order of the State of Andhra Pradesh granting mining lease for limestone in favour of BMM Cements at Gudipadu village, Yadiki Mandal, Ananthapur. Pursuant to the extension of the mining plan, BMM Cements has received a mining lease permission for limestone in various survey numbers of Gudipadu village, Yadiki Mandal, Ananthapur. The matter is currently pending before the Revisional Authority, Ministry of Mines, New Delhi.

Civil cases filed by BMM Cements

1. BMM Cements filed a writ petition number 32231/2011 against Joint Commissioner of Labour, Kurnool and Others before High Court of Andhra Pradesh seeking a direction in the nature of writ of mandamus declaring the order dated November 16, 2011 passed by Joint Commissioner of Labour, Kurnool illegal and unconstitutional. The writ petition was filed in relation to the order passed by the Joint Commissioner against BMM Cements stating that the company's establishment at Gudipadu village, Yadiki Mandal, Ananthapur, is covered under the provisions of (i) The Building and Other Construction Workers (Regulation of Employment

and Conditions of Service Act, 1996) ("BOCWRECSA"), (ii) The Building and Other Construction Workers Welfare Cess Act, 1996 (Central Act 28 of 1996) ("BOCWWCA"), and (iii) The Building and Other Construction Worker's Welfare Cess Rules, 1998 ("BOCWWCR"). BMM Cements has prayed before Andhra Pradesh High Court to declare the order of Joint Commissioner as illegal, arbitrary, unconstitutional and also violative of the above said BOCWRECSA, BOCWWCA and BOCWWCR and also contended that BOCWRECSA, BOCWWCA and BOCWWCR are not applicable. The matter is currently pending before High Court of Andhra Pradesh.

(b) Tax Related Proceedings

Income Tax

NIL

Central Excise, Sales Tax and Value Added Tax

There are 3 (three) central excise sales tax and value added tax matters amounting to ₹ 295.04 lakhs approximately, involving our Company, pending at various levels of adjudication.

C. Litigations involving our Promoter

There is no litigation or legal action pending or taken by any ministry or department of the Government or statutory authority against our Corporate Promoter during the last three years immediately preceding the year of the circulation of this Preliminary Placement Document and any direction issued by such ministry or department of the Government or statutory authority upon conclusion of such litigation or legal action.

D. Litigation, inquiries, inspections or investigations under the Companies Act against our Company and / or its Subsidiary

There is no litigation, inquiries, inspections or investigations under the Companies Act initiated and/or taken against our Company and / or its Subsidiaries in the last three years.

E. Prosecutions filed against, fines imposed on, or compounding of offences by our Company and / or its Subsidiary

There is no prosecutions filed against, fines imposed on, or compounding of offences by our Company and / or its Subsidiaries in the last three years.

F. Material frauds committed against our Company in the last three years

There have been no material frauds committed against our Company in the last three years.

G. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of this Preliminary Placement Document and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remark

There are no reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of this Preliminary Placement Document.

INDEPENDENT ACCOUNTANTS

Our Company's statutory auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, are independent auditors with respect to our Company as required by the Companies Act and in accordance with the guidelines issued by the ICAI, who has performed limited review in accordance with Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" with respect to unaudited standalone and consolidated financial results for the nine months ended December 31, 2016 and selected explanatory notes, audited standalone financial statements as of and for the Fiscal 2016 and audited consolidated financial statements as of and for the Fiscal 2016, whose reports are included in this Preliminary Placement Document. The audited financial statements as of and for Fiscals 2015 and 2014 included in this Preliminary Placement Document, have been audited by M/s. P. Srinivasan & Co., who were the statutory auditors of our Company during this period. Please see the chapter titled "*Financial Statements*" beginning on page 191.

GENERAL INFORMATION

1. Our Company was incorporated on January 15, 1981, as a public company limited by shares under the Companies Act, 1956, with a Certificate of Incorporation granted by the Registrar of Companies, at Hyderabad, Andhra Pradesh. Our Company received its Certificate for Commencement of Business from the RoC on April 16, 1983. The corporate identity number of our Company is L26942TG1981PLC002887.

2. Our authorized capital is ₹ 2,200.00 lakhs consisting of 2,20,00,000 Equity Shares of ₹ 10 each. Prior to the Issue, the issued, subscribed and paid-up share capital of our Company is ₹ 1,800.00 lakhs comprising of 1,80,00,000 Equity Shares of ₹ 10 each. For further details please see section "*Capital Structure*" beginning on page 70.

3. Our Registered Office is located at Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India.

4. Under our Memorandum of Association, our principal objects are to carry out the business described in the section "*Business*" beginning on page 108. The objects are set out in Clause III of our Memorandum of Association.

5. The Issue is authorized and approved by our Board of Directors vide resolutions dated October 26, 2016 and approved by our shareholders, pursuant to a resolution passed at the EGM held on November 23, 2016.

6. Our Company has received in-principle approvals under Regulation 28(1) of the Listing Regulations for the issue of the Equity Shares from the BSE and the NSE. We will apply for final approvals to list our Equity Shares to be issued in the Issue on the BSE and the NSE.

7. Copy of our Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday between 11.00 a.m. to 3.00 p.m. (except Saturdays and public holidays) during the offering period at our Registered Office.

8. Other than as set forth in this Preliminary Placement Document, there has been no significant change in our financial results since March 31, 2016, the date of our last audited financial statements prepared in accordance with Indian GAAP and the Companies Act included herein.

9. Except as disclosed in this Preliminary Placement Document, we are not involved in any material legal proceedings and we are not aware of any threatened legal proceedings, which, if determined adversely, could result in a material adverse effect on our business, financial condition or results of operations.

10. The Company has obtained necessary consents, approvals and authorisations as required in connection with the Issue.

11. M/s. Deloitte Haskins & Sells, Chartered Accountants have undertaken limited review in accordance with Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" with respect to unaudited standalone and consolidated financial results for the nine months ended December 31, 2016 and selected explanatory notes, audited standalone financial statements as of and for the Fiscal 2016 and audited consolidated financial statements as of and for the Fiscal 2016. The audited financial statements as of and for Fiscals 2015 and 2014 have been audited by M/s. P. Srinivasan & Co., who were the statutory auditors of our Company during this period..

12. We confirm that we are in compliance with minimum public shareholding requirements as specified under the SCRR and as required under the Listing Regulations.

13. Our Company and the Global Coordinators and Book Running Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any

other source of information, including our website www.sagarcements.in, would be doing so at his or her own risk.

14. The Floor Price for the Issue is ₹ 723.10 per Equity Share calculated in accordance with Regulation 85 of the ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the ICDR Regulations.

FINANCIAL STATEMENTS

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SAGAR CEMENTS LIMITED
CIN: L26942TG1981PLC002887
Regd.Office: Plot No.205, Road No.14, Jubilee Hills, Hyderabad-500 033

STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

(In Indian ₹ lakhs, except per share data and unless otherwise stated)

Sl. No	Particulars	Standalone						Consolidated			
		Quarter ended			Nine months ended		Year ended	Quarter ended		Nine months ended	Year ended
		December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016	December 31, 2016	September 30, 2016	December 31, 2016	March 31, 2016
		(Unaudited) (Refer Note 1)	(Unaudited) (Refer Note 1)	(Unaudited) (Refer Note 1(b))	(Unaudited) (Refer Note 1)	(Unaudited) (Refer Note 1(b))	(Audited) (Refer Note 1(d))	(Unaudited) (Refer Note 1)	(Unaudited) (Refer Note 1)	(Unaudited) (Refer Note 1)	(Audited) (Refer Note 1(d))
1	**Income from operations**										
	(a) Net sales / Income from operations (Refer Note 6)	14,047.48	13,724.61	12,873.15	43,457.60	52,718.77	70,462.46	22,050.87	21,855.34	66,755.41	86,000.61
	(b) Other operating income	107.39	102.38	164.74	300.99	222.39	348.76	74.04	227.19	309.69	241.41
	Total income from operations (Net)	**14,154.87**	**13,826.99**	**13,037.89**	**43,758.59**	**52,941.16**	**70,811.22**	**22,124.91**	**22,082.53**	**67,065.10**	**86,242.02**
2	**Expenses**										
	(a) Cost of materials consumed (Refer Note 7)	1,518.90	1,825.57	1,394.51	5,165.09	5,213.27	6,638.12	2,269.53	2,627.05	7,453.91	8,708.32
	(b) Purchase of stock-in-trade	-	-	400.38	-	6,483.57	6,483.60	-	-	-	4,686.19
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(121.95)	(1,715.79)	460.44	(964.20)	646.12	176.65	(489.30)	(1,764.78)	(1,750.67)	291.19
	(d) Excise duty (Refer Note 6)	1,919.07	1,804.85	1,613.65	5,860.40	6,203.49	8,635.00	3,001.09	2,975.41	9,091.35	10,899.78
	(e) Power and fuel expense	3,671.03	5,003.44	3,397.94	12,823.07	11,803.20	17,136.72	6,054.77	7,061.95	19,576.46	22,040.28
	(f) Freight and forwarding expense	2,438.18	2,467.23	1,757.84	7,284.16	7,106.29	10,056.41	3,896.74	3,843.04	11,031.64	12,048.43
	(g) Employee benefits expense	923.70	904.69	858.19	2,728.01	2,561.71	3,757.37	970.00	1,094.88	3,119.02	4,101.30
	(h) Depreciation and amortisation expense	708.87	653.45	623.54	2,006.59	1,586.22	2,336.76	1,204.10	1,143.60	3,474.66	3,364.88
	(i) Other expenses	2,236.55	2,244.49	1,768.57	6,699.75	5,904.87	8,323.89	3,474.18	3,354.82	10,106.46	11,065.79
	Total expenses	**13,294.35**	**13,187.93**	**12,275.06**	**41,602.87**	**47,508.74**	**63,544.52**	**20,381.11**	**20,335.97**	**62,102.83**	**77,206.16**
3	**Profit from operations before other income, finance costs**	**860.52**	**639.06**	**762.83**	**2,155.72**	**5,432.42**	**7,266.70**	**1,743.80**	**1,746.56**	**4,962.27**	**9,035.86**
4	Other income	291.88	708.33	807.77	1,856.70	2,031.13	2,823.63	93.88	49.75	230.40	407.70
5	**Profit from ordinary activities before finance costs (3+4)**	**1,152.40**	**1,347.39**	**1,570.60**	**4,012.42**	**7,463.55**	**10,090.33**	**1,837.68**	**1,796.31**	**5,192.67**	**9,443.56**
6	Finance costs	796.79	783.89	1,069.54	2,270.68	2,027.97	2,903.49	1,634.99	1,601.57	4,669.73	4,176.67
7	**Profit from ordinary activities before tax (5-6)**	**355.61**	**563.50**	**501.06**	**1,741.74**	**5,435.58**	**7,186.84**	**202.69**	**194.74**	**522.94**	**5,266.89**
8	Tax expense/(benefit)	178.02	313.37	197.76	855.74	1,976.37	2,211.05	256.09	190.47	597.82	656.55
9	**Net Profit/(Loss) for the period (7-8)**	**177.59**	**250.13**	**303.30**	**886.00**	**3,459.21**	**4,975.79**	**(53.40)**	**4.27**	**(74.88)**	**4,610.34**
10	Paid-up equity share capital (face value ₹ 10 each)	1,800.00	1,738.80	1,738.80	1,800.00	1,738.80	1,738.80	1,800.00	1,738.80	1,800.00	1,738.80
11	Reserves excluding revaluation reserve	-	-	-	-	-	53,589.01	-	-	-	53,223.55
12	Earnings per share (Basic & Diluted) of ₹ 10 each [Not annualised]	1.01	1.43	1.74	5.08	19.89	28.62	(0.30)	0.02	(0.43)	26.51
							(*)				(*)

(*) - Annualised

Notes:

1 (a) The Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015, are applicable to the Company and its subsidiary for periods commencing on or after April 01, 2016. The results for the quarter and nine months ended December 31, 2016 and quarter ended September 30, 2016 are as per the notified Ind AS.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYD

(b) Pursuant to the SEBI Circular CIR/CFD/FAC/62/2016 dated July 05, 2016, the published figures for the Standalone financial results for the quarter and nine months ended December 31, 2015 have been recast to Ind AS to the extent applicable to the Company and have been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015. They have not been subject to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of the Company's affairs.

(c) A reconciliation between the standalone profits as reported earlier and the Ind AS recast profits for the Standalone financial results for the quarter and nine months ended December 31, 2015 is given below:

Particulars	₹ in lakhs Quarter ended December 31, 2015	Nine months ended December 31, 2015
Net Profit reported for the period (published)	312.13	3,454.36
Add: On account of interest	(6.59)	11.56
Add: On account of mines restoration provision adjustment	(2.24)	(6.71)
Net Profit recast to Ind AS for the quarter and nine months ended December 31, 2015	**303.30**	**3,459.21**

(d) Submission of the Ind AS compliant financial results for the year ended March 31, 2016 not being mandatory are in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules 2006 and are as reported earlier.

2 The above financial results were reviewed and recommended by the Audit Committee and later approved by the Board of Directors of the Company at their respective meetings held on January 25, 2017. The statutory auditors have carried out a limited review of the financial results.

3 The unaudited consolidated financial results of the Company and its subsidiary (BMM Cements Limited) for the quarter and nine months ended December 31, 2016 have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 "Consolidated Financial Statements" notified under the Companies (Indian Accounting Standards) Rules, 2015.

4 Segment information is presented for the consolidated financial results as permitted under the Ind AS 108 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Accounting Standard (AS) 17 "Segment Reporting" notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

₹ in lakhs

Particulars	Consolidated Quarter ended December 31, 2016 (Unaudited) (Refer Note 1)	Quarter ended September 30, 2016 (Unaudited) (Refer Note 1)	Nine months ended December 31, 2016 (Unaudited) (Refer Note 1)	Year ended March 31, 2016 (Audited) (Refer Note 1(d))
1. Segment Revenue				
(a) Cement	21,811.28	21,695.23	65,643.37	81,364.68
(b) Power	1,593.57	1,434.10	4,485.43	6,781.99
Total	**23,404.85**	**23,129.33**	**70,128.80**	**88,146.67**
Less: Inter Segment Revenue	1,353.98	1,273.99	3,373.39	2,146.06
Net sales/Income From Operations	**22,050.87**	**21,855.34**	**66,755.41**	**86,000.61**
2. Segment Results (Profit)(+)/ Loss(-)before tax and interest from each segment)				
(a) Cement	1,807.97	1,535.91	4,651.66	8,103.86
(b) Power	(64.17)	210.65	310.61	932.00
Total	**1,743.80**	**1,746.56**	**4,962.27**	**9,035.86**
Less:				
i) Interest	1,634.99	1,601.57	4,669.73	4,176.67
(ii) Un-allocable income (Net of un-allocable income)	(93.88)	(49.75)	(230.40)	(407.70)
Total Profit Before Tax	**202.69**	**194.74**	**522.94**	**5,266.89**

3. Capital employed (Segment assets – Segment Liabilities)	As at December 31, 2016 (Unaudited) (Refer Note 1)	As at September 30, 2016 (Unaudited) (Refer Note 1)	As at March 31, 2016 (Audited) (Refer Note 1(d))
Segment assets			
(a) Cement	113,326.36	109,772.07	101,754.02
(b) Power	14,256.63	14,760.58	14,563.57
(c) Unallocated	9,602.45	10,023.19	12,818.66
Total Assets	**137,185.44**	**134,555.84**	**129,136.25**
Segment Liabilities			
(a) Cement	28,999.39	33,171.83	31,713.91
(b) Power	3,450.05	1,314.00	2,366.99
(c) Unallocated	5,279.49	5,591.98	5,365.30
Total	**37,728.93**	**40,077.81**	**39,446.20**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYD

5 In the corresponding quarter and nine months ended of the previous year, the Company did not publish consolidated financial results and hence comparative figures for consolidated results has not been presented.

6 Pursuant to clarification by SEBI regarding Revenue recognition and Excise Duty issued on September 20, 2016, the 'Income from operations' have been disclosed inclusive of Excise Duty.

7 Cost of materials consumed for the quarter and nine months ended December 31, 2015 includes provision amounting to ₹ 95.81 lakhs and ₹ 453.48 lakhs respectively in the unaudited standalone results made towards amounts payable as additional royalty to the National Mineral Exploration Trust ("NMET") and the District Mineral B170Foundation ("DMF") in accordance with the provisions of the " The Mines and Minerals (Development and Regulation) Amendment Act, 2015". No such provision is required to be made during the quarter and nine months ended December 31, 2016.

8 There is a possibility that these quarterly financial results may require adjustment before constituting the final Ind AS financial statements as of and for the year ending March 31, 2017 due to change in financial reporting requirements arising from new or revised standards or interpretations issued by MCA/ICAI or changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS as permitted under Ind AS 101.

9 During the quarter the Company completed the acquisition of the assets of a cement grinding unit with a capacity of 1,81,500 MTs. at Bayyavaram village, Visakhapatnam district, Andhra Pradesh from Toshali Cements Private Limited.

10 During the quarter the Company converted the outstanding loan balance of ₹ 17,200 lakhs given to its wholly owned subsidiary BMM Cements Limited, into 43,000,000 8% cumulative redeemable preference shares of ₹ 10 each at a premium of ₹ 30 each.

11 Pursuant to the approval accorded by the shareholders, during the quarter, the Company made a preferential allotment of 611,986 equity shares, of ₹ 10 each at a premium of ₹ 790 per share aggregating ₹ 489,588,800 to promoter & non promoter group.

12 Corresponding previous periods figures have been regrouped/reclassified, wherever considered necessary to correspond with the current period's grouping.

Place: Hyderabad
Date: January 25, 2017

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYD

For Sagar Cements Limited

Dr.S.Anand Reddy
Joint Managing Director

Deloitte Haskins & Sells

Chartered Accountants
1-8-384 & 385,
3rd Floor, Gowra Grand,
S.P.Road, Begumpet,
Secunderabad - 500 003,
Telangana, India

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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF SAGAR CEMENTS LIMITED

1. We have reviewed the Standalone Financial Results ("Results") of **SAGAR CEMENTS LIMITED** ("the Company") for the quarter and nine months ended December 31, 2016 included in the accompanying Statement of Unaudited Standalone and Consolidated Financial Results ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, January 25, 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
SAGAR CEMENTS LIMITED

1. We have reviewed the Consolidated Financial Results ("Consolidated Results") of **SAGAR CEMENTS LIMITED** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group") for the quarter and nine months ended December 31, 2016 ("the Statement") included in the accompanying Statement of Unaudited Standalone and Consolidated Financial Results ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement which is the responsibility of the Parent's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Parent's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. The Consolidated Results includes the results of BMM Cements Limited (Subsidiary of the Company).

4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. The Consolidated Results does not include the results for the quarter and nine months ended December 31, 2015 for the reasons stated in Note 5.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, January 25, 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
SAGAR CEMENTS LIMITED

1. We have reviewed the Standalone Financial Results ("Results") of **SAGAR CEMENTS LIMITED** ("the Company") for the quarter and nine months ended December 31, 2016 included in the accompanying Statement of Unaudited Standalone and Consolidated Financial Results ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, January 25, 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
SAGAR CEMENTS LIMITED

1. We have reviewed the Consolidated Financial Results ("Consolidated Results") of **SAGAR CEMENTS LIMITED** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group") for the quarter and nine months ended December 31, 2016 ("the Statement") included in the accompanying Statement of Unaudited Standalone and Consolidated Financial Results ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement which is the responsibility of the Parent's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Parent's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. The Consolidated Results includes the results of BMM Cements Limited (Subsidiary of the Company).

4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. The Consolidated Results does not include the results for the quarter and nine months ended December 31, 2015 for the reasons stated in Note 5.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, January 25, 2017

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SAGAR CEMENTS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **SAGAR CEMENTS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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. While conducting the 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 consolidated financial statements are free from material misstatement.

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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 to the 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (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, of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards / Accounting Standards [delete whichever is not applicable] prescribed under Section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

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f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and the subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's / subsidiary company's internal financial controls over financial reporting

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

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, May 26, 2016

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ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Sagar Cements Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls
The respective Board of Directors of the Holding company and its subsidiary company, which is a company incorporated in India, 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 the respective 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 and its subsidiary company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, and its subsidiary company, which is a company incorporated in India, have, 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, May 26, 2016

SAGAR CEMENTS LIMITED

Consolidated Balance sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note	As at March 31, 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	2.1	1,738.80
(b) Reserves and surplus	2.2	53,223.55
		54,962.35
Non-current liabilities		
(a) Long-term borrowings	2.3	29,535.26
(b) Deferred tax liabilities (net)	2.4	4,741.06
(c) Other long term liabilities	2.5	4,441.69
(d) Long-term provisions	2.6	2,568.65
		41,286.66
Current liabilities		
(a) Short-term borrowings	2.7	8,698.97
(b) Trade payables	2.8	
(i) Total outstanding dues of micro enterprises and small enterprises		0.15
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		13,240.49
(c) Other current liabilities	2.9	10,288.93
(d) Short-term Provisions	2.10	658.70
		32,887.24
TOTAL		**129,136.25**
ASSETS		
Non-current assets		
(a) Fixed assets		
(i) Tangible assets	2.11	88,405.77
(ii) Intangible assets	2.11	42.53
(iii) Capital work-in-progress		1,519.47
(iv) Goodwill on consolidation	2.38	7,148.89
(b) Non-current investments	2.12	2.65
(c) Deferred tax assets (net)	2.4	2,112.55
(d) Long-term loans and advances	2.13	7,726.72
(e) Other non-current assets	2.14	291.51
		107,250.09
Current assets		
(a) Inventories	2.15	9,052.43
(b) Trade receivables	2.16	8,121.32
(c) Cash and cash equivalents	2.17	647.46
(d) Short-term loans and advances	2.18	2,909.16
(e) Other current assets	2.19	1,155.79
		21,886.16
TOTAL		**129,136.25**
Corporate information and significant accounting policies	1 & 2	
See accompanying notes forming part of the financial statements		

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

Ganesh Balakrishnan

Partner

Place: Secunderabad

Date : May 26, 2016

For and on behalf of the Board of Directors

S. Veera Reddy

Managing Director

Dr. S. Anand Reddy

Joint Managing Director

S.Sreekanth Reddy

Executive Director

K. Prasad

Chief Financial Officer

R. Soundararajan

Company Secretary

Place: Hyderabad

Date May 26, 2016

SAGAR CEMENTS LIMITED HYDERABAD

SAGAR CEMENTS LIMITED

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	Note	For the year ended March 31, 2016
REVENUE		
Revenue from Operations (gross)		
Sale of cement		82,840.31
Sale of power		3,160.30
		86,000.61
Less : Excise Duty		10,899.78
Revenue from Operations (Net)		**75,100.83**
Other operating income	2.20	241.41
Income from Operations		**75,342.24**
Other income	2.21	407.70
Total Revenue		**75,749.94**
EXPENSES		
(a) Cost of materials consumed	2.22	8,708.32
(b) Purchase of stock-in-trade		4,686.19
(c) Change in inventories of finished goods and work-in-progress	2.23	291.19
(d) Manufacturing expenses	2.24	29,305.12
(e) Employee benefit expenses	2.25	4,101.30
(f) Finance costs	2.26	4,176.67
(g) Depreciation and amortisation expenses	2.11	3,364.88
(h) Other expenses	2.27	15,955.64
Less: Captive consumption of cement (Net of Excise Duty ₹ 89.61 lakhs)		(106.26)
Total expenses		**70,483.05**
Profit before tax		**5,266.89**
Tax expense		
(a) Current tax		1,835.41
(b) Deferred tax		1,178.86
Net tax expenses		**656.55**
Profit for the year		**4,610.34**
Earnings per share	2.35	
Basic and diluted earnings per share (face value of ₹ 10 each)		26.51
Corporate information and significant accounting policies	1 & 2	
See accompanying notes forming part of the financial statements		

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

Ganesh Balakrishnan

Partner

Place: Secunderabad

Date : May 26, 2016

For and on behalf of the Board of Directors

S. Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K. Prasad
Chief Financial Officer

R. Soundararajan
Company Secretary

Place: Hyderabad

Date : May 26, 2016

SAGAR CEMENTS LIMITED HYDERABAD

SAGAR CEMENTS LIMITED

Consolidated Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	For the year ended March 31, 2016	
A. Cash flow from operating activities		
Profit before tax		5,266.89
Adjustments for		
Depreciation and amortisation expense	3,364.88	
(Gain) / loss on sale of fixed assets (net)	15.13	
Finance Costs	4,176.67	
Dividend income	(0.26)	
Interest income	(409.28)	
Provision for doubtful trade and other receivables, loans and advances	36.20	
		7,183.34
Operating profit before working capital changes		**12,450.23**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(724.64)	
Inventories	(1,047.19)	
Short term loans & advances	304.48	
Long-term loans and advances	18.97	
Other Current Assets	473.67	(974.71)
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	3,539.33	
Long term provisions	(71.47)	
Short term provisions	87.68	
Other current liabilities	(853.74)	
Other long term liabilities	1,069.50	
		3,771.30
Cash generated from operations		**15,246.82**
Net income tax paid		(2,359.08)
Net cash flow from operating activities (A)		**12,887.74**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances	(7,195.26)	
Acquisition of subsidiary	(5,317.94)	
Proceeds from sale of fixed assets	1,245.09	
Interest received	404.80	
Dividend received	0.26	
Movement in bank balances not considered as cash and cash equivalents (net)	(227.26)	
Net cash flow used in investing activities (B)		(11,090.31)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of debentures	15,000.00	
Proceeds from long-term borrowings	13,980.79	
Repayment of long-term borrowings	(45,312.82)	
Dividends paid	(1,478.48)	
Finance costs	(4,011.95)	
Repayment of short-term borrowings (net)	(1,702.81)	
Net cash flow used in financing activities (C)		**(23,525.27)**
Net decrease in Cash and cash equivalents (A+B+C)		**(21,727.84)**
Cash and cash equivalents at the beginning of the year		21,668.64
Cash and cash equivalents on acquisition of subsidiary		356.66
Cash and cash equivalents at the end of the year		**297.46**

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Notes:		
(i) Reconciliation of Cash and cash equivalents with the Balance sheet		
Cash and bank balances as per Balance Sheet (Refer Note 2.17)		647.46
Less: Unpaid dividend accounts		145.10
Less: Margin money deposits		204.90
Cash and cash equivalents at the end of the year*		**297.46**
* Comprises:		
(a) Cash on hand		3.63
(b) Balances with banks		
(i) In current accounts		55.58
(ii) Deposits with banks		238.25
		297.46

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Secunderabad
Date : May 26, 2016

For and on behalf of the Board of Directors

S. Veera Reddy

S. Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K. Prasad
Chief Financial Officer

R. Soundararajan
Company Secretary
Place: Hyderabad
Date : May 26, 2016

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED
HYDERABAD

1. **Corporate information:**

   Sagar Cements Limited (here in referred to as "the Company") and its wholly owned subsidiary (together refer to as "the Group") are is engaged in the business of manufacture and sale of cement and generation of power for sale and captive consumption.

2. **Basis of Consolidation and Significant accounting policies**

   a) Basis of accounting and preparation of financial statements

   The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.

   b) Principles of consolidation

   The consolidated financial statements relate to Sagar Cements Limited (the 'Company'), and its wholly owned subsidiary company BMM Cements Limited. The consolidated financial statements have been prepared on the following basis:

   i. The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2016.

   ii. The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

   iii. The excess of cost to the Group of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company was made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.

   iv. Goodwill arising on consolidation is not amortised but tested for impairment.

   v. Following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power held directly
BMM Cements Limited	Subsidiary	India	Sagar Cements Limited	100%

   vi. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances in the same manner as the Company's separate financial statements.

   vii. BMM Cements Limited is consolidated with the Company w.e.f August 27, 2015.

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c) **Use of estimates**

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

d) **Inventories**

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	Weighted average method
Stores and spares and packing materials	Weighted average method
Work-in-process and finished goods (manufactured)	Weighted average method and including an appropriate share of applicable overheads. Excise duty is included in the value of finished goods

e) **Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f) **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) 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.

g) **Depreciation and amortisation**

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

In case of the Company, depreciation on Plant & Machinery is charged under straight line method and on other assets depreciation is charged under WDV method, based on the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Railway siding - 25 years

Plant & Machinery other than continuous process plant – 25 years.

In case of the Subsidiary Company, depreciation has been provided on straight-line method for all the class of depreciable assets as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been

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assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Electrical Equipment (Plant & Machinery) - 15 years

The estimated useful life of all the assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.
The Group follows the process of componentization for fixed assets w.e.f. 01.04.2015 as per the requirement of the Act. Accordingly, the group has identified a part of an asset as a separate component in whole asset value (beyond certain value) and useful life of the part is different from the useful life of the remaining asset. The useful life has been assessed based on technical advice, taking into account the nature of the asset / component of an asset, the estimated usage of the asset / component of an asset on the basis of management's best estimation of getting economic benefits from those class of assets / components of an asset. The Group uses its technical expertise along with historical and industry trends for arriving the economic life of an asset/component of an asset.

Individual assets costing less than or equal to Rs. 5,000 are depreciated in full in the year of acquisition.

h) Expenditure during construction period:

Expenditure/ Income, during construction period (including financing cost relating to borrowed funds for construction or acquisition of qualifying fixed assets) is included under Capital Work-in-Progress, and the same is allocated to the respective fixed assets on the completion of their construction. Advances given towards acquisition or construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under "Long-term loans and advances".

i) Revenue recognition

Sale of goods:

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Sales
exclude self-consumption of finished goods.

Sale of power:

In case of power generation, revenue from sale of energy is recognized on accrual basis. Claims for delayed payment charges and any other claims, which the company is entitled to, on grounds of prudence, are accounted on admittance basis.

j) Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

k) Government Grants and Subsidies:

a) Government grants and subsidies are recognized when there is reasonable assurance that the Group will comply with the conditions attached thereto and that the grants will be received.

b) Capital Government Grants or Subsidies relating to specific fixed assets are deducted from the gross value of the respective fixed assets and other capital grants are credited to Capital Reserve.

l) Fixed assets

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental

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expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. 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 on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

m) **Foreign currency transactions and translations**

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items (other than derivative contracts) of the Group, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Group are carried at historical cost.

n) **Investments**

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

o) **Employee benefits**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined Contribution Plans:

Contribution to provident fund, superannuation fund and employee state insurance scheme by the entities in the Group are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans:

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected

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to occur within twelve months after the end of the period in which the employee renders the related service.

p) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

q) Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their 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.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

r) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

s) Taxes on income

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

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 entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the entity has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Consolidated Statement of Profit and Loss.

t) Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

u) Provisions and contingencies

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the consolidated financial statements.

v) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

w) **Insurance Claims:**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

x) **Operating Cycle**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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Note	Particulars	As at March 31, 2016	
		No of shares	₹ in Lakhs
2.1	Share capital		
	Authorised		
	Equity shares of ₹ 10 each	20,000,000	2,000.00
	Preference shares of ₹ 10 each	2,000,000	200.00
	Total	**22,000,000**	**2,200.00**
	Issued, Subscribed and Paid-up		
	Equity shares ₹ 10 each	17,388,014	1,738.80
	Total	**17,388,014**	**1,738.80**

(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2016	
	No of shares	₹ in Lakhs
Opening balance	17,388,014	1,738.80
Shares issued during the year	-	-
Closing balance	**17,388,014**	**1,738.80**

(b) Rights, preferences and restrictions attached to the equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Share holder's Name	As at March 31, 2016	
	No.of Shares	% Holding
1. S. Veera Reddy	1,643,795	9.45%
2. S. Aruna	1,369,545	7.88%
3. S. Rachana	1,164,280	6.70%
4. S. Anand Reddy	1,149,527	6.61%
5. S. Sreekanth Reddy	1,085,757	6.24%
6. S. Vanajatha	990,769	5.70%
7. AVH Resources India Private Limited	3,277,711	18.85%

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016
2.2	Reserves and surplus	
	(a) Capital reserve	34.99
	(b) Securities premium reserve	10,503.05
	(c) General reserve	3,598.40
	(d) Statement of Profit and Loss	
	Opening balance	36,258.02
	Less: Additional depreciation on account of componentization of tangible fixed assets (Net of deferred tax) (Refer Note 2.37)	734.86
	Add: Profit for the year	4,610.34
	Less: Interim dividend	869.40
	Tax on dividend	176.99
	Closing balance	39,087.11
	Total	**53,223.55**

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(₹ in Lakhs)

Note	Particulars	As at March 31,2016
2.3	**Long-term borrowings**	
	Secured	
	Debentures	
	1500 11.60 % Non-convertible debentures of ₹ 1,000,000 each (Refer Note (ii) below)	15,000.00
		15,000.00
	Term loans	
	From banks (Refer Note (i) below)	14,345.91
		14,345.91
	Unsecured	
	Deferred payment liabilities (Refer Note (iii) below)	189.35
	Total	**29,535.26**
	* Current maturities of long-term borrowings have been disclosed under the head other current liabilities (Refer Note 2.9)	
	Note:	
	(i) Lender-wise breakup of loans:	
	State Bank of Hyderabad (Refer a below)	3,580.62
	State Bank of India (Refer b below)	1,688.00
	ICICI Bank Limited (Refer c below)	6,480.79
	Vehicle Loans from various banks (Refer d below)	440.37
	Corporation Bank (Refer e below)	850.00
	State Bank of Hyderabad (Refer f below)	3,780.00
	Yes Bank Limited (Refer g below)	2,500.00
	Less: Current maturities of long-term debt	(4,973.87)
	Total - Long-term debt	**14,345.91**

Note (i)

a) (i) Term Loan of ₹ 4,500 lakhs in Indian Rupees was taken from State Bank of Hyderabad during the year 2010-11 and was repayable in 60 monthly instalments from December, 2010. As of March 31, 2016, all the instalments have been repaid (As at March 31, 2015, out of 60 instalments, 52 instalments were paid and balance 8 instalments were payable during the year 2015-16). The interest was fixed at 4.25% above base rate. Rate of interest as on March 31, 2015: 14.5%. The term loan from the Bank was secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and Machinery, Mining Equipment owned by or belonging to the company both present and future, and by second charge on the current assets of the company and were guaranteed by Shri. S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

(ii) Term Loan of ₹ 4,000 lakhs in Indian Rupees was taken from State Bank of Hyderabad during the year 2013-14 and is repayable in 96 monthly instalments starting from June, 2015. As of March 31, 2016 out of 96 instalments, 10 (As on March 31, 2015: Nil) instalments have been paid and balance 86 instalments of ₹ 41.66 lakhs each to be paid every month upto May, 2023. The interest was fixed at 3.80% above SBH base rate. As at March 31, 2016 base rate of interest was 12.75% (As on March 31, 2015: 14.50%). The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

b) Term Loan of ₹ 2,500 lakhs in Indian Rupees was taken from State Bank of India during the year 2012-13 and is repayable in 60 monthly instalments starting from September, 2013. As of March 31, 2016 out of 60 instalments 30 instalments were paid (As at March 31, 2015:18) and balance 30 instalments of ₹ 56 Lakhs to be paid every month upto July, 2018 and last instalment of ₹ 64 lakhs in August, 2018. The interest was fixed at 4.25% above SBI base rate. Rate of interest as on March 31, 2016 is 12.20% (As on March 31, 2015:14.25%). The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

c) Term Loan of ₹ 6,500 Lakhs in Indian Rupees was taken from ICICI Bank during the year 2015-16 and is repayable in 24 structured quarterly instalments from March, 2017. The interest was fixed at I-Base at 9.7% p.a and spread rate is 2.7% p.a. As at March 31, 2016 rate of interest was 11.90%. The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S. Veera Reddy, Managing Director, Dr S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

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d) Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

e) Corporation Bank has sanctioned term loan of ₹ 4,000 lakhs during the year 2008-09. The Loan is repayable in 20 quarterly instalments of ₹ 200 lakhs each. As on March 31, 2016, 16 installments have been paid and 4 instalments are outstanding. Rate of interest as on March 31, 2016 is 16.00% . The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery and other moveable assets owned by or belonging to the Company both present and future.

f)(i) State bank of Hyderabad has sanctioned term loan during the year 2008-09. The Loan is repayable in 20 quarterly instalments of ₹450 lakhs each. As on March 31, 2016, 15 installments have been paid and 5 instalments are outstanding. Rate of interest as on March 31, 2016 is 12.75% . The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery, Mining equipment owned by or belonging to the Company both present and future.

(ii) State bank of Hyderabad has sanctioned term loan during the year 2012-13. The Loan is repayable in 20 quarterly instalments of ₹ 170 lakhs each. As on March 31, 2016, 11 instalments have been paid and 9 instalments are outstanding. Rate of interest as on March 31, 2016 is 12.75% The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery, Mining equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the Company on pari-passu basis with the working capital lenders to the Company.

g) Yes Bank Limited has sanctioned term loan of ₹ 5,000 lakhs during the year 2015-16. As on March 31, 2016 ₹ 2,500 lakhs is drawn. The loan principal amount repayable in 32 quarterly structured instalment from January 2018, initial 16 instalments are payable at ₹ 125 lakhs and balance 16 instalment are payable at ₹ 187.50 lakhs. Rate of Interest as on March 31, 2016 is 12.35% The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery, Mining equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Director and Shri S. Sreekanth Reddy, Director. An unconditional and irrevocable corporate guarantee is given by Sagar Cements Limited and first pari-passu charge on pledge of shares of BMM Cements Limited held by SCL subject to the RBI guidelines.

Note (ii)

1,500 Non-Convertible Debentures (NCD) of ₹ 10 lakh each aggregating to ₹ 15,000 lakhs have been issued to International Finance Corporation at an interest of 11.60% p.a. The NCD's were issued on 23rd March 2016. Interest is payable at half yearly rest with effect from May 31, 2015. Repayment for the NCD's are to be made in 13 equal half yearly instalments of ₹ 1,153.85 lakhs starting from May 2019 onwards. The NCD's are secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery, Mining Equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Director and Shri S. Sreekanth Reddy, Director. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's and also pledged its shares in the Company.

Note (iii)

Deferred payment liability represents deferred sales tax liability which is interest free and is repayable at the end of 14th year from the year of deferment.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

(₹ in lakhs)

Note	Particulars	As at March 31,2016
2.4	**Deferred tax liability (net)**	
	Deferred tax liabilities (a)	
	On difference between book balance and tax balance of fixed assets	5,288.90
	Deferred tax assets (b)	
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	158.89
	On account of additional depreciation adjusted to reserve and surplus	388.95
		4,741.06
	Deferred tax asset (net)*	
	Deferred tax liabilities (a)	
	On difference between book balance and tax balance of fixed assets	6,021.30
	Deferred tax assets (b)	
	On carryforward business loss and unabsorbed depreciation	8,121.12
	Disallowances	12.73
		2,112.55
	* includes arising on acquisition of subsidiary	
2.5	**Other long term liabilities**	
	Security deposits	4,151.31
	Dues to others	290.38
	Total	4,441.69
2.6	**Long-term provisions**	
	Provision for employee benefit - gratuity (Refer Note 2.31)	197.44
	Provision for fuel surcharge adjustment (Refer Note 2.28)	2,371.21
	Total	2,568.65
2.7	**Short-term borrowings**	
	Secured	
	Loans repayable on demand	
	Cash credit facilities (Refer note below)	8,698.97
	Total	8,698.97
	Note: The group has availed working capital demand Loans /cash credit facilities from Banks is secured against stocks of raw materials, finished goods and trade receivables, stores and spares , present and future, and by second charges on fixed assets of the company and are guaranteed by S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and S. Sreekanth Reddy, Executive Director. The Loans are repayable on demand and carries interest @ 10.90% to 13.25% p.a	
2.8	**Trade payables**	
	Due to micro, small and medium enterprises (Refer Note 2.29)	0.15
	Due to others	13,240.49
	Total	13,240.64
2.9	**Other current liabilities**	
	Current maturities of long-term debt (Refer Note 2.3)	
	Banks	4,973.87
	Deferred payment liability	218.57
	Interest accured but not due on borrowings	270.50
	Advances from customers	3,016.29
	Payable on purchase of fixed assets	176.93
	Statutory remittances	1,487.67
	Unclaimed dividends (Refer Note below)	145.10
	Total	10,288.93
	Note: There were no amounts due and outstanding to be credited to Investor Education and Protection Fund	
2.10	**Short-term provisions**	
	Provision for employee benefits - compensated absences (Refer Note 2.31)	179.56
	Provision for taxation (net of advance tax)	479.14
	Total	658.70

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

SAGAR CEMENTS LIMITED

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

2.11 Fixed assets

(₹ in Lakhs)

	Description	Gross block					Accumulated depreciation and amortization						Net block
		Balance as at 1 April, 2015	Additions	Disposals	Acquisitions through business combinations	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Acquisitions through business combinations	Other adjustments / Transition adjustment recorded against Surplus balance in Statement of Profit and Loss	Balance as at 31 March, 2016	Balance as at 31 March, 2016
A	Tangible assets												
	Land - Freehold	3,816.92	340.97	80.93	2,800.99	6,877.95	-	-	-	-	-	-	6,877.95
	Buildings	10,209.91	3,038.70	-	2,744.32	15,992.93	3,171.27	649.72	-	-	-	3,820.99	12,171.94
	Plant & Machinery	32,136.05	3,646.22	45.49	36,578.97	72,315.75	12,440.60	1,860.93	21.04	-	912.37	15,192.86	57,122.89
	Furniture and Fittings	687.84	33.91	2.25	15.32	734.82	354.37	89.97	0.08	-	12.56	456.82	278.00
	Office and Other Equipment	3,511.36	292.00	45.55	121.17	3,878.98	2,669.13	148.11	26.43	-	40.61	2,831.42	1,047.56
	Electrical Installations	3,925.62	1,011.68	-	2,313.51	7,250.81	2,588.68	367.46	-	-	154.73	3,110.87	4,139.94
	Computers	177.21	66.06	-	35.82	279.09	157.12	20.21	-	-	-	177.33	101.76
	Vehicles	751.54	241.06	37.57	14.66	969.69	514.95	94.87	10.12	-	3.54	603.24	366.45
	Railway Sliding	-	6,426.88	-	-	6,426.88	-	127.60	-	-	-	127.60	6,299.28
	Total (A)	**55,216.45**	**15,097.48**	**211.79**	**44,624.76**	**114,726.90**	**21,896.12**	**3,358.87**	**57.67**	-	**1,123.81**	**26,321.13**	**88,405.77**
B	Intangible assets												
	Computer Software	263.85	-	-	29.25	293.10	244.56	6.01	-	-	-	250.57	42.53
	Total (B)	**263.85**	-	-	**29.25**	**293.10**	**244.56**	**6.01**	-	-	-	**250.57**	**42.53**
	Total (A+B)	**55,480.30**	**15,097.48**	**211.79**	**44,654.01**	**115,020.00**	**22,140.68**	**3,364.88**	**57.67**	-	**1,123.81**	**26,571.70**	**88,448.30**

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016
2.12	**Non-current investments**	
	Investment in equity instruments	
	Panchavati Polyfibres Limited (26,000 equity shares of ₹ 10 each fully paid-up)	2.60
	PCL Financial Services Limited (500 equity shares of ₹ 10 each fully paid-up)	0.05
	Total	**2.65**
	Note:	
	Aggregate amount of unquoted investment	2.65
2.13	**Long-term loans and advances (unsecured, considered good)**	
	Capital advances	1,130.48
	Security deposits	4,123.34
	Prepaid expenses	3.93
	Advance income tax (net of provision for tax)	225.30
	MAT credit entitlement	2,243.67
	Total	**7,726.72**
2.14	**Other non-current assets**	
	Balance held as margin money deposit against borrowings, guarantee	287.02
	Interest accrued on deposits	4.49
	Total	**291.51**
2.15	**Inventories (At lower of cost and net realisable value)**	
	(a) Raw materials	463.52
	Goods-in-transit	6.99
	(b) Coal	1,518.20
	Goods-in-transit	2,178.48
	(c) Work-in-progress	1,844.06
	(d) Stores and spares	1,819.51
	(e) Packing materials	285.73
	Goods-in-transit	11.99
	(f) Finished goods	923.95
	Total	**9,052.43**
2.16	**Trade receivables**	
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment	
	Secured, considered good	27.55
	Unsecured, considered good	669.30
	Doubtful	36.20
		733.05
	Less: Provision for bad & doubtful debts	36.20
		696.85
	Other trade receivables	
	Secured, considered good	543.46
	Unsecured, considered good	6,881.01
		7,424.47
	Total	**8,121.32**
2.17	**Cash and bank balances**	
	(a) Cash on hand	3.63
	(b) Balance with banks	
	(i) In current accounts	55.58
	(ii) Deposits with banks	238.25
	(iii) In earmarked accounts	
	Unpaid dividend account	145.10
	Margin money deposit or security against borrowings	204.90
	Total	**647.46**
	Of the above, balances that meet the definition of cash and cash equivalents as per Accounting Standard 3 "Cash Flow Statement"	297.46
2.18	**Short-term loans and advances**	
	Advances to suppliers	1,124.43
	Advances to employees	77.35
	Advances to related parties	701.49
	Security deposits	281.38
	Prepaid expenses	166.90
	Balances with government authorities	309.59
	MAT credit entitlement	208.48
	Others	39.54
	Total	**2,909.16**
2.19	**Other current assets**	
	Incentives receivable from Government	787.01
	Interest accrued but not due	123.27
	Excise duty refund receivable	245.51
	Total	**1,155.79**

SAGAR CEMENTS LIMITED

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Note	Particulars	For the year ended March 31, 2016
2.20	**Other operating income**	
	Sale of scrap	23.68
	Insurance claims	16.83
	Incentive from Government	200.90
	Total	241.41
2.21	**Other income**	
	Interest income	409.28
	Dividend income	0.26
	Rent and Other income received	0.47
	Profit on sale of assets	(2.31)
	Total	407.70
2.22	**Cost of materials consumed**	
	Opening Stock	152.18
	Add: On acquisition of subsidiary (refer note 2.38)	396.31
	Add: Purchases	8,630.35
	Less: Closing Stock	470.52
	Cost of materials consumed	8,708.32
	Details of Raw materials consumed	
	Limestone	4,459.52
	Laterite	847.37
	Iron-ore sludge	951.54
	Gypsum	1,309.15
	FlyAsh	1,140.74
	Total	8,708.32
2.23	**Changes in inventories of finished goods and work-in-progress**	
	Inventories at the end of the year	
	Work-in-progress	1,705.42
	Finished goods	586.13
		2,291.55
	Inventories on acquisition of inventory	
	Work-in-progress	589.44
	Finished goods	178.21
		767.65
	Inventories at the beginning of the year	
	Work-in-progress	1,844.06
	Finished goods	923.95
		2,768.01
	Net decrease in stocks	291.19
2.24	**Manufacturing expenses**	
	Coal consumed	15,184.05
	Power	6,856.23
	Packing material consumed	3,166.03
	Stores and spares consumed	2,098.73
	Repairs and maintenance	
	Plant and Machinery	1,377.20
	Buildings	57.74
	Vehicles	18.24
	Others	546.90
	Total	29,305.12

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

(₹ in Lakhs)

Note	Particulars		For the year ended March 31, 2016
2.25	**Employee benefits expense**		
	Salaries and wages		3,496.65
	Contribution to provident fund and other funds		215.48
	Staff welfare expenses		389.17
		Total	4,101.30
2.26	**Finance costs**		
	Interest expense on:		
	Borrowings		3,980.88
	Interest on delayed payment of income taxes		173.47
	Other borrowing costs		607.27
			4,761.62
	Less: Interest capitalised		584.95
		Total	4,176.67
2.27	**Other expenses**		
	Freight and forwarding expenses		12,048.43
	Selling expenses		1,871.84
	Provision for doubtful debts		36.20
	Rent		214.73
	Insurance		149.78
	Rates and taxes		256.04
	Travelling and conveyance		223.69
	Security services		156.64
	Donations and contributions		41.99
	Expenditure on corporate social resposibility		36.21
	Legal and professional		489.39
	Payments to auditors (refer note below)		25.40
	Administrative expenses		216.19
	Printing and stationery		25.81
	Communication		56.69
	Net Loss on foreign currency transactions and translation		76.10
	Director sitting fees		20.40
	Loss on sale of fixed assets		17.44
	Increase/(decrease) of excise duty on inventory		(14.10)
	Miscellaneous expenses		6.77
		Total	15,955.64
	Note		
	Payment to auditors comprises:		
	Audit Fees		25.00
	Reimubersement of expenses		0.40
			25.40

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

2.28 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities:

Based on legal opinion/advice obtained, no financial implication to the company with respect to the following cases is perceived as on the Balance Sheet date.

1) Claims against the Company not acknowledged as debt

(₹ in lakhs)

Particulars	As at March 31, 2016
Direct taxes related	28.32
Indirect taxes related	1,801.38
Others	204.85

2) APTRANSCO has raised a demand of ₹ 2371.21 lakhs, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years, on the holding company. Out of which, the holding company has paid an amount of ₹ 2136.79 lakhs up to March 31, 2016. The holding company has filed Writ Petition with High Court of Andhra Pradesh. The matter is still pending before the High Court as on March 31, 2016.

3) The Finance Minister of Government of India has announced in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the company took Cenvat credit pertaining to clean energy cess on coal for an amount of ₹ 530.11 lakhs from July 2010 to April 2015. The Department of Central excise issued a show cause notice letter and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input Cenvat credit, thus the credit availed on cess is irregular. Based on department's letter the amount of ₹ 530.11 lakhs was reversed, but under protest. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the company.

b) Corporate Guarantee:

The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the 1,500 Non-Convertible Debentures of ₹ 10 lakhs each aggregating to ₹ 15,000 lakhs issued by its wholly owned subsidiary, BMM Cements Limited to International Finance Corporation and a further guarantee to secure the credit facilities aggregating to ₹ 14,900 lakhs availed by the said subsidiary from its lender.

c) Capital Commitment:

(₹ in lakhs)

Particulars	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	394.87

2.29 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

2.30 The Company doesn't have any derivative instruments or unhedged foreign currency exposures.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

2.31 Employee benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 165.34 lakhs.

Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administrated by Life Insurance Corporation of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 36.52 lakhs.

(ii) Defined benefit plan:

Gratuity:

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by the Company's own trust which has subscribed to the "Group Gratuity Life Assurance Plan" of Life Insurance Corporation of India.

The following table sets out the Defined Benefit Plan - as per actuarial valuation as at March 31, 2016:

Reconciliation of opening and closing balance of Defined benefit obligation

(₹ in lakhs)

Description	Year ended March 31, 2016
Defined benefit obligation at the beginning of the year	557.68
Add: On acquisition of subsidiary	25.43
Current service cost	82.03
Interest cost	43.5
Actuarial (gain) / loss	(62.79)
Benefits paid	(13.87)
Defined benefit obligation at the year end	631.98

Reconciliation of opening and closing balances of fair value of plan assets

(₹ in lakhs)

Description	Year ended March 31, 2016
Fair value of plan assets at the beginning of the year	320.21
Acquisition adjustment	1.37
Expected return on plan assets	30.17
Employer contribution	96.66
Benefits paid	(13.87)
Fair value of plan asset at the year end	434.54

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Reconciliation of fair value of assets and obligations

(₹ in lakhs)

Description	As at March 31, 2016
Present value of obligations	631.98
Fair value of plan assets	(434.54)
Amount recognized in the Balance sheet	197.44

Expense recognized for the year

(₹ in lakhs)

Description	Year ended March 31, 2016
Current service cost	82.03
Acquisition Adjustment	(1.37)
Interest cost	43.5
Expected return on plan assets	(30.17)
Actuarial (gain) / loss	(62.79)
Expense/Income recognised in the statement of profit or loss	31.20

Actuarial assumptions

(₹ in lakhs)

Actuarial assumptions	March 31, 2016
Mortality table (LIC)	2008-10 (ultimate)
Discounting rate	7.90%
Expected rate of return on plan asset	8.75%
Expected average remaining working lives of employees	17 years
Rate of escalation in salary	5%

Compensated absences to employees is considered a short term liability which is determined in accordance with the provision of AS 15- employee benefits.

2.32 Segment Reporting:

The Group has identified business segments as its primary segment. Business segments are primarily cement manufacturing segment and power generation segment. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments.

(₹ in lakhs)

Particulars	Business segment		Total
	Manufacturing of cement	Power generation	
Revenue	**70,706.31**	**6,781.99**	**77,488.30**
Less: Inter-segment revenue			2,146.06
Total			**75,342.24**
Segment result	**8,103.86**	**932.00**	**9,035.86**
Unallocable expenses (net)			4,176.67
Operating income			**4,859.19**
Other income (net)			407.70
Profit before taxes			**5,266.89**
Tax expense			656.55
Profit for the year			**4,610.34**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

(₹ in lakhs)

Particulars	Business segment		Total
	Manufacturing of cement	Power generation	
Segment assets	101,754.37	14,563.57	116,317.94
Unallocable assets			12,818.42
Total assets			**129,136.36**
Segment liabilities	31,714.26	2,366.99	34,081.25
Un-allocable liabilities			5,365.29
Total liabilities			**39,446.54**

Particulars	Business segment		Un-allocable assets	Total
	Manufacturing of cement	Power generation		
Capital Expenditure	16,438.70	59.69	-	16,498.39
Depreciation and amortization	3,172.85	189.49	2.54	3,364.88

2.33 **Related Party Disclosures** - as required by Accounting Standards AS 18 "Related party Disclosures" specified under Section 133 of the Companies Act, 2013

The list of related parties of the Group is given below:

Key managerial personnel (KMP)

Name	Relationship
Shri S Veera Reddy	Managing Director (MD)
Dr. S. Anand Reddy	Joint Managing Director (JMD)
Shri S. Sreekanth Reddy	Executive Director (ED)

Relatives of KMP

Parties	Relationship
Smt. S. Vanajatha	Wife of Shri S.Veera Reddy
Smt Rachana Sammidi	Wife of Shri S. Sreekanth Reddy
Smt Aruna	Wife of Dr. S. Anand Reddy
Smt W Malathi	Daughter of Shri S.Veera Reddy
Smt N Madhavi	Daughter of Shri S.Veera Reddy
Smt P Sucharitha Reddy	Mother of Smt Rachana
Smt M Radhika Reddy	Sister of Smt Rachana
Smt P Sudharshan Reddy	Father of Smt Rachana
Smt P Rajith Reddy	Brother of Smt Rachana

Enterprise where KMP along with their relatives exercise significant influence

Parties	Relationship
Panchavati Polyfibers Limited	KMP along with their relatives hold 65.45% shares of the Company
Sagar Power Limited	KMP along with their relatives hold 55.5% shares of the Company
RV Consulting Services Pvt Ltd	KMP along with their relatives hold 90.25% shares of the Company
Sagarsoft (India) Ltd.	KMP along with their relatives hold 51.14% shares of the Company
Sagar Priya Housing and Industrial Enterprises Ltd.	KMP along with their relatives hold 100% shares of the Company

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

Summary of the transactions and balances with the above parties are as follows:

(₹ in lakhs)

Nature of Transactions	Year Ended March 31, 2016
Sale of cement:	
Sagar Power Ltd.	3.12
Purchase of Raw material:	
Panchavati Polyfibers Limited	3,336.54
Total	**3,336.54**
Rent expenses	
Dr. S. Anand Reddy	28.35
Mr. S. Sreekanth Reddy	28.35
Mrs. S. Vanajatha	28.35
Total	**85.05**
Remuneration to Key managerial personnel	
Mr. S. Veera Reddy	270.00
Mr. S. Sreekanth Reddy	207.00
Dr. S. Anand Reddy	228.00
Total	**705.00**
Services rendered	
Sagarsoft (India) Ltd. – Staffing resource services	45.00
RV Consulting Services Pvt. Ltd. – Consultancy services	10.00
Total	**55.00**
Reimbursement of expenses	
Sagarsoft (India) Ltd	22.90
RV Consulting Services Pvt. Ltd.	448.62
Sagar Power Ltd.	102.48
Total	**574.00**
Dividend received	
Panchavati Polyfibers Limited	0.26
Total	**0.26**

(₹ in lakhs)

Outstanding Balances	As at March 31, 2016
Loans, Advances and deposits	
Sagar Power Limited – Advance	691.31
RV Consulting Services Pvt. Ltd.- Advance and deposits	11.96
Total	**703.27**
Trade Payables	
Sagarsoft (India) Ltd.	3.75
Panchavati Polyfibers Limited	278.00
Total	**281.75**
Remuneration Payable	
Mr. S. Veera Reddy	152.82
Mr. S. Sreekanth Reddy	147.95
Dr. S. Anand Reddy	147.95

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SAGAR CEMENTS LIMITED HYDERABAD

2.34 Operating Lease

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease payment recognized in the Statement of Profit and Loss amounting to ₹ 214.73 lakhs

2.35 Earnings Per Share

Particulars	Year ended March 31, 2016
Net Profit for the period (₹ in lakhs)	4,610.34
Weighted average number of shares of ₹ 10 each	17,388,014
Earnings per share – basic and diluted (in ₹)	26.51

2.36 Corporate Social Responsibility (CSR) activities:

The Group has spent an amount of ₹ 36.21 lakhs towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under other expense.

2.37 Depreciation

During the year ended March 31, 2016, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013 relating to componentization of fixed assets, the Company has adjusted an amount of ₹ 734.86 lakhs (net of deferred tax of ₹ 388.95) against the opening surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

Depreciation on tangible fixed assets have been charged under straight line method by adopting the useful life of the fixed assets in alignment with schedule II to the Companies Act, 2013.

Based on componentization of Fixed Assets Net Block as on 01.04.2015, in case of those items which have been identified to have different useful life, independent to the original asset to which it has been associated with, have been depreciated based on the useful life relevant to it. This has resulted into additional depreciation claim to the tune of ₹ 28.62 lakhs.

2.38 Goodwill arising on acquisition of BMM Cements Limited

On August 27, 2015, Sagar Cements Limited acquired 100% stake in BMM Cements Limited. The total cost of acquisition was ₹ 7,817.94 lakhs. The goodwill has been determined as follows:

Particulars	₹ in lakhs	₹ in lakhs
Consideration paid		7,817.94
Assets		
Non-current	45,672.22	
Current	4,659.54	
	50,331.76	
Liabilities		
Non-current	42,871.41	
Current	6,791.30	
	49,662.71	
Net assets of BMM Cements Limited as on August 27, 2015		**669.05**
Goodwill on consolidation		**7,148.89**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

2.39 Based on the provisions of "The Mines and Minerals (Development and Regulation) Amendment Act, 2015", which is applicable from January 12, 2015 the holder of mining lease granted before the date of commencement of the aforesaid Act, shall in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount not exceeding the royalty paid in terms of the second Schedule in such manner and subject to the categorization of the mining leases and the amount payable by the various categories of lease holders, as may be prescribed by the Central Government.

For the Company:
The District Mineral Foundation was formed in the State of Telangana on January 20, 2016 and subsequently the provision pertaining to the additional royalty was made in the books from the date of formation of the DMF.

For its Subsidiary:
The District Mineral Foundation was formed in the State of Andhra Pradesh on March 14, 2016 and subsequently the provision pertaining to the additional royalty was made in the books from the date of formation of the DMF.

2.40 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Company	Net assets		Share of profit or loss	
	As % of consolidated net assets	₹ in lakhs	As % of consolidated profit	₹ in lakhs
Sagar Cements Limited (parent)	100.66%	55,327.81	107.92%	4,975.79
BMM Cements Limited (subsidiary)	0.55%	303.58	-56.75%	(2,616.64)
Adjustments arising out of consolidation	-1.21%	(669.05)	48.83%	2,251.19
Total	**100%**	**54,962.34**	**100%**	**4,610.34**

2.41 The Company has prepared its consolidated financial statements for the first time and hence corresponding (comparative) figures for the previous year have not been given.

For and on behalf of the Board of Directors

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

S. Veera Reddy

S. Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

S. Sreekanth Reddy
Executive Director

K Prasad

K. Prasad
Chief Financial Officer

R. Soundararajan
Company Secretary

Place: Hyderabad
Date: May 26, 2016

SAGAR CEMENTS LIMITED
HYDERABAD

Deloitte Haskins & Sells

Chartered Accountants
1-8-384 & 385
3rd Floor, Gowra Grand
S. P. Road, Begumpet
Secunderabad - 500 003
India

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SAGAR CEMENTS LIMITED
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SAGAR CEMENTS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and 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 standalone 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 prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone 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 and the Order under section 143(11) of the Act.

We conducted our audit of the standalone financial statements 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 standalone financial statements.

Deloitte Haskins & Sells

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of 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 by this Report are in agreement with the books of account
   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
   e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
   g) With respect to the other matters to be included in the 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;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, May 26, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **SAGAR CEMENTS LIMITED** ("the Company") as at 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. 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Deloitte Haskins & Sells

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, May 26, 2016

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

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

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted unsecured loan to company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

c) There is no overdue amount remaining outstanding as at the year-end.

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

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits, and hence reporting under clause (v) of the CARO 2016 is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended 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 We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) Except for certain delays in payment of excise duty, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ lakhs)	Amount unpaid (₹ lakhs)
Income-tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2008-10	28.32	28.32
Sales Tax and VAT Laws	Sales tax and VAT	Sales Tax Appellate Authority	2009-10	109.40	82.00
			1999-2000	19.60	14.70
		High Court of Telangana and Andhra Pradesh	2010-11	6.29	6.29
Customs Act, 1962	Customs duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2013-14	192.72	188.61
Central Excise Act, 1944	Excise duty	CESTAT	2006-10	7.67	3.83
			2010-11	225.00	30.00
			2012-13	102.45	102.45
		High Court of Telangana and Andhra Pradesh	2010-11	650.80	650.80

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, May 26, 2016

SAGAR CEMENTS LIMITED

Balance sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	1,738.80	1,738.80
(b) Reserves and surplus	2.2	53,589.01	50,394.47
		55,327.81	**52,133.27**
Non-current liabilities			
(a) Long-term borrowings	2.3	10,565.26	12,112.93
(b) Deferred tax liability (net)	2.4	4,741.06	4,754.11
(c) Other-long term liabilities	2.5	3,815.73	3,370.14
(d) Long-term provisions	2.6	2,543.12	2,608.70
		21,665.17	**22,845.88**
Current liabilities			
(a) Short-term borrowings	2.7	6,912.65	8,802.67
(b) Trade payables	2.8		
(i) Dues to micro enterprises and small enterprises		0.15	36.46
(ii) Dues to creditors other than micro enterprises and small enterprises		9,084.40	7,459.51
(c) Other current liabilities	2.9	6,038.00	6,829.72
(d) Short-term provisions	2.10	618.03	1,601.24
		22,653.23	**24,729.60**
TOTAL		**99,646.21**	**99,708.75**
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.11	44,015.07	33,320.33
(ii) Intangible assets	2.11	15.30	19.28
(iii) Capital work-in-progress		1,297.70	11,219.34
(b) Non-current investments	2.12	7,820.59	2.65
(c) Long-term loans and advances	2.13	24,430.50	7,298.93
(d) Other non-current assets	2.14	291.51	150.87
		77,870.67	**52,011.40**
Current assets			
(a) Inventories	2.15	6,569.85	6,230.84
(b) Trade receivables	2.16	4,601.06	5,805.78
(c) Cash and bank balances	2.17	366.82	21,927.53
(d) Short-term loans and advances	2.18	7,365.60	12,370.03
(e) Other current assets	2.19	2,872.21	1,363.17
		21,775.54	**47,697.35**
TOTAL		**99,646.21**	**99,708.75**
Corporate information and significant accounting policies	1 & 2		
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : May 26, 2016

For and on behalf of the Board of Directors

S. Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K. Prasad
Chief Financial Officer

R. Soundararajan
Company Secretary
Place: Hyderabad
Date: May 26, 2016

SAGAR CEMENTS LIMITED HYDERABAD

SAGAR CEMENTS LIMITED

Statement of Profit and Loss for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
REVENUE			
Revenue from operations - sale of cement (gross)	2.46	70,462.46	63,179.84
Less : Excise duty		8,635.00	8,696.74
Revenue from operations (net)		**61,827.46**	**54,483.10**
Other operating income	2.20	348.76	330.26
Income from operations		**62,176.22**	**54,813.36**
Other income	2.21	2,823.63	36,296.22
Total Revenue		**64,999.85**	**91,109.58**
Expenses			
(a) Cost of materials consumed	2.22	6,638.12	6,778.56
(b) Purchase of stock-in-trade		6,483.60	-
(c) Changes in inventories of finished goods and work-in-progress	2.23	176.65	(1,060.85)
(d) Manufacturing expenses	2.24	22,859.28	26,316.87
(e) Employee benefits expense	2.25	3,757.37	3,344.63
(f) Finance costs	2.26	2,903.49	2,308.23
(g) Depreciation and amortisation expense	2.11	2,336.76	2,150.47
(h) Other expenses	2.27	12,735.29	13,603.45
Less: Captive consumption of cement [net of excise duty ₹ 64.83 lakhs (Year ended March 31, 2015 ₹ 123.38 lakhs)]		(77.55)	(138.65)
Total Expenses		**57,813.01**	**53,302.71**
Profit before tax		**7,186.84**	**37,806.87**
Tax expense			
(a) Current tax expense		1,835.15	7,929.30
(b) MAT credit		-	(1,344.29)
(c) Deferred tax		375.90	1,556.69
Net tax expense		**2,211.05**	**8,141.70**
Profit for the year		**4,975.79**	**29,665.17**
Earnings per share	2.40		
Basic and diluted earnings per share of ₹ 10 each		28.62	170.61
Corporate information and significant accounting policies	1 & 2		
See accompanying notes forming part of the financial statements			

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date: May 26, 2016

For and on behalf of the Board of Directors

S. Veera Reddy

S. Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K. Prasad
Chief Financial Officer

R. Soundararajan
Company Secretary
Place: Hyderabad
Date: May 26, 2016

SAGAR CEMENTS LIMITED HYDERABAD

SAGAR CEMENTS LIMITED

Cash Flow Statement for the year ended March 31, 2016

(₹ in lakhs)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
A. Cash flow from operating activities				
Profit / (Loss) before extraordinary items and tax		7,186.84		37,806.87
Adjustments for				
Depreciation and amortisation expense	2,336.76		2,150.47	
(Profit) / loss on sale of fixed assets (net)	17.44		(13.74)	
Finance Costs	2,903.49		2,308.23	
Dividend income	(0.26)		(0.26)	
Interest income	(2,823.37)		(1,382.22)	
Provision for doubtful trade receivables, loans and advances	36.20		-	
Net (gain)/ loss on sale of investments	-		(34,900.00)	
		2,470.26		(31,837.52)
Operating profit before working capital changes		9,657.10		5,969.35
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	1,168.52		(957.36)	
Inventories	(339.01)		(2,053.31)	
Short term loans and advances	1,155.87		(920.56)	
Long-term loans and advances	18.96		13.43	
Other current assets	684.90	2,689.24	2,481.40	(1,436.40)
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	1,588.58		517.63	
Long term provisions	(65.58)		746.89	
Short term provisions	47.01		(167.93)	
Other current liabilities	1,217.94		(1,851.41)	
Other long term liabilities	445.59		200.11	
		3,233.54		(554.71)
Cash generated from operations		15,579.88		3,978.24
Net income tax (paid) / refunds		(2,342.90)		37.45
Net cash flow from operating activities (A)		13,236.98		4,015.69
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(4,389.59)		(9,283.33)	
Purchase of long-term investments - investment in subsidiary	(5,317.94)		-	
Proceeds from sale of fixed assets	55.75		27.26	
Interest received	624.95		1,272.10	
Dividend received	0.26		0.26	
Bank balances not considered as cash and cash equivalents (net)	(227.26)		(178.98)	
Loan to subsidiary (net)	(15,642.96)		-	
Inter-corporate deposit placed	-		(7,500.00)	
Advance towards acqusition of subsidiary	-		(2,500.00)	
Proceeds from sale of long-term investment	-		36,652.24	
Net cash flow (used in) / from investing activities (B)		(24,896.79)		18,489.60
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	11,480.79		4,512.79	
Repayment of long-term borrowings	(14,604.89)		(2,645.54)	
Dividends paid	(1,478.47)		(1,043.28)	
Finance costs	(3,499.42)		(2,280.38)	
Repayment of unsecured loans	-		(1,812.90)	
Repayment of short-term borrowings (net)	(1,890.02)		2,206.46	
Net cash flow used in financing activities (C)		(9,992.01)		(1,062.85)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(21,651.82)		21,442.44
Cash and cash equivalents at the beginning of the year		21,668.64		226.20
Cash and cash equivalents at the end of the year		16.82		21,668.64

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SAGAR CEMENTS LIMITED HYDERABAD

Notes:			
(i) Reconciliation of Cash and cash equivalents with the Balance sheet			
Cash and bank balances as per Balance Sheet (Refer Note 2.17)	366.82		21,927.53
Less: In earmarked accounts			
- Unpaid dividend accounts	145.10		53.99
- Balances held as margin money/security for bank guarantees	204.90		204.90
Cash and cash equivalents at the end of the year*	**16.82**		**21,668.64**
*** Comprises:**			
(a) Cash on hand	1.91		8.64
(b) Balances with banks			
(i) In current accounts	14.91		21.19
(ii) In deposit accounts	-		-
Maturity less than 12 months	-		21,422.81
Maturity more than 12 months	-		216.00
	16.82		**21,668.64**

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date: May 26, 2016

For and on behalf of the Board of Directors

S. Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

S. Sreekanth Reddy
Executive Director

K. Prasad
Chief Financial Officer

R. Soundararajan
Company Secretary
Place: Hyderabad
Date: May 26, 2016

SAGAR CEMENTS LIMITED HYDERABAD

1. Corporate Information

Sagar Cements Limited ("the Company") was incorporated under the Companies Act, 1956 as a public limited company on January 15, 1981. The Company is engaged in the business of manufacture and sale of cement.

2. Significant accounting policies

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	Weighted average method
Stores and spares and packing materials	Weighted average method
Work-in-process and finished goods (manufactured)	Weighted average method and including an appropriate share of applicable overheads. Excise duty is included in the value of finished goods

d) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) 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.

f) Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

Depreciation on plant and machinery is charged under straight line method and on other assets depreciation under WDV method, based on the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Railway siding - 25 years
Plant and machinery other than continuous process plant – 25 years

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The estimated useful life of all the assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any. The company follows the process of componentization for fixed assets w.e.f. April 1, 2015 as per the requirement of the Act. Accordingly, the company has identified a part of an asset as a separate component in whole asset value (beyond certain value) and useful life of the part is different from the useful life of the remaining asset. The useful life has been assessed based on technical advice, taking into account the nature of the asset / component of an asset, the estimated usage of the asset / component of an asset on the basis of management's best estimation of getting economic benefits from those class of assets / components of an asset. The Company uses its technical expertise along with historical and industry trends for arriving the economic life of an asset/component of an asset.

Individual assets costing less than or equal to ₹ 5,000 are depreciated in full in the year of acquisition.

g) **Expenditure during construction period:**

Expenditure/ Income, during construction period (including financing cost relating to borrowed funds for construction or acquisition of qualifying fixed assets) is included under Capital Work-in-Progress, and the same is allocated to the respective fixed assets on the completion of their construction. Advances given towards acquisition or construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under "Long-term loans and advances".

h) **Revenue recognition**

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax, value added tax and excise duty. Sales excludes self-consumption of finished goods.

i) **Other income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

j) **Government Grants and Subsidies:**

i) Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached thereto and that the grants will be received.

ii) Capital Government Grants or Subsidies relating to specific fixed assets are deducted from the gross value of the respective fixed assets and other capital grants are credited to Capital Reserve.

k) **Fixed assets**

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. 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 on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

l) **Foreign currency transactions and translations**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

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SAGAR CEMENTS LIMITED HYDERABAD

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

n) Employee benefits
Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined Contribution Plans:
The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans:
For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

o) Borrowing costs
Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

p) Earnings per share
Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

q) Taxes on income
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

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SAGAR CEMENTS LIMITED HYDERABAD

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 highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

r) **Impairment of assets**
The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

s) **Provisions and contingencies**
A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

t) **Service tax input credit**
Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

u) **Insurance Claims:**
Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

v) **Operating Cycle**
Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

SAGAR CEMENTS LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2016

Note	Particulars	As at March 31, 2016		As at March 31, 2015	
		No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
2.1	**Share capital**				
	Authorised				
	Equity shares of ₹ 10 each	20,000,000	2,000.00	20,000,000	2,000.00
	Preference shares of ₹ 10 each	2,000,000	200.00	2,000,000	200.00
	Total		**2,200.00**		**2,200.00**
	Issued, Subscribed and Paid-up				
	Equity shares ₹ 10 each	17,388,014	1,738.80	17,388,014	1,738.80
	Total		**1,738.80**		**1,738.80**

(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2016		As at March 31, 2015	
	No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
Opening Balance	17,388,014	1,738.80	17,388,014	1,738.80
Shares issued during the year	-	-	-	-
Closing Balance	**17,388,014**	**1,738.80**	**17,388,014**	**1,738.80**

(b) Rights, preferences and restrictions attached to the equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No.of Shares	% Holding	No.of Shares	% Holding
1. S. Veera Reddy	1,643,795	9.45%	1,643,795	9.45%
2. S. Aruna	1,369,545	7.88%	1,369,545	7.88%
3. S. Rachana	1,164,280	6.70%	1,164,280	6.70%
4. S. Anand Reddy	1,149,527	6.61%	1,149,527	6.61%
5. S. Sreekanth Reddy	1,085,757	6.24%	1,085,757	6.24%
6. S. Vanajatha	990,769	5.70%	990,769	5.70%
7. AVH Resources India Private Limited	3,277,711	18.85%	3,225,211	18.55%

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016	As at March 31, 2015
2.2	**Reserves and surplus**		
	(a) Capital reserve	34.99	34.99
	(b) Securities premium reserve	10,503.05	10,503.05
	(c) General reserve	3,598.40	3,598.40
	(d) Statement of Profit and Loss		
	Opening balance	36,258.03	8,211.30
	Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 2.42)	-	51.97
	Less: Additional depreciation on account of componentization of tangible fixed assets (Net of deferred tax) (Refer Note 2.42)	734.86	-
	Add: Profit for the year	4,975.79	29,665.17
	Less: Interim dividend	869.40	869.40
	Dividend proposed to be distributed to equity shareholders	-	434.70
	Tax on dividend	176.99	262.37
	Closing balance	39,452.57	36,258.03
	Total	53,589.01	50,394.47

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016	As at March 31, 2015
2.3	**Long-term borrowings***		
	Secured		
	Term loans (Refer Note (i) below)		
	From banks	10,375.91	5,695.01
	From other parties	-	6,010.00
		10,375.91	**11,705.01**
	Unsecured		
	Deferred payment liability (Refer Note (ii) below)	189.35	407.92
		189.35	**407.92**
	Total	**10,565.26**	**12,112.93**
	* Current maturities of long-term borrowings have been disclosed under the head Other current liabilities. (Refer Note 2.9)		
	Note:		
	(i) Lender-wise breakup of loans:		
	State Bank of Hyderabad (Refer a below)	3,580.62	5,173.30
	State Bank of India (Refer b below)	1,688.00	2,050.00
	Andhra Pradesh State Financial Corporation Limited (Refer c below)	-	81.84
	ICICI Bank Limited (Refer d below)	6,480.79	
	Vehicle Loans from various banks (Refer e below)	440.37	768.00
	L&T Infrastructure Finance Company Limited (Refer f below)	-	6,500.00
	L&T Finance Limited (Refer g below)		650.94
	Less: Current maturities of long-term debt	(1,813.87)	(3,519.07)
		10,375.91	**11,705.01**

a) (i) Term Loan of ₹ 4,500 lakhs in Indian Rupees was taken from State Bank of Hyderabad during the year 2010-11 and was repayable in 60 monthly instalments from December, 2010. As of March 31, 2016, all the instalments have been repaid (As at March 31, 2015, out of 60 instalments, 52 instalments were paid and balance 8 instalments were payable during the year 2015-16). The interest was fixed at 4.25% above base rate. Rate of interest as on March 31, 2015: 14.5%. The term loan from the Bank was secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and Machinery, Mining Equipment owned by or belonging to the company both present and future, and by second charge on the current assets of the company and were guaranteed by Shri. S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

(ii) Term Loan of ₹ 4,000 lakhs in Indian Rupees was taken from State Bank of Hyderabad during the year 2013-14 and is repayable in 96 monthly instalments starting from June, 2015. As of March 31, 2016 out of 96 instalments, 10 (As on March 31, 2015: Nil) instalments have been paid and balance 86 instalments of ₹ 41.66 lakhs each to be paid every month upto May, 2023. The interest was fixed at 3.80% above SBH base rate. As at March 31, 2016 base rate of interest was 12.75% (As on March 31, 2015: 14.50%). The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

b) Term Loan of ₹ 2,500 lakhs in Indian Rupees was taken from State Bank of India during the year 2012-13 and is repayable in 60 monthly instalments starting from September, 2013. As of March 31, 2016 out of 60 instalments 30 instalments were paid (As at March 31, 2015:18) and balance 30 instalments of ₹ 56 lakhs to be paid every month upto July, 2018 and last instalment of ₹ 64 lakhs in August, 2018. The interest was fixed at 4.25% above SBI base rate. Rate of interest as on March 31, 2016 is 12.20% (As on March 31, 2015:14.25%). The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

c) Term Loan of ₹ 500 lakhs in Indian Rupees was taken from Andhra Pradesh State Financial Corporation during the year 2010-11 and is repayable in 55 monthly instalments of ₹ 9.10 lakhs each month (First instalment of ₹ 8.60 lakhs). As of March 31, 2016, out of 55 instalments, 55 instalments have been paid (As on March 31, 2015: 46). The interest was fixed at 3% below Bench Mark Prime Lending rate of interest. Rate of interest as on March 31, 2015: 13.00%. The term loan was secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

d) Term Loan of ₹ 6,500 lakhs in Indian Rupees was taken from ICICI Bank during the year 2015-16 and is repayable in 24 structured quarterly instalments from March, 2017. The interest was fixed at I-base at 9.7% p.a and spread rate is 2.7% p.a. As at March 31, 2016 rate of interest was 11.90%. The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S. Veera Reddy, Managing Director, Dr S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

e) Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

f) Loan of ₹ 9,300 lakhs in Indian Rupees was sanctioned by L&T Infrastructure Finance Company Limited during the financial year 2012-13. The principal amount was repayable in 24 quarterly instalments from June, 2015 onwards. The loan was preclosed in the month of October, 2015. The term loan from the bank was secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company.

g) Term Loan of ₹ 2,000 lakhs in Indian Rupees was taken from L&T Finance Limited during the year 2012-13 and was repayable in 31 monthly instalments from June, 2013. As of March 31, 2016 out of 31 instalments, 31 instalments (As on March 31, 2015: 22) were paid and loan was closed in the month of December 2015. The term loan from the L&T Finance Ltd was secured by Second Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

Note (ii)

Deferred payment liability represents deferred sales tax liability which is interest free and is repayable at the end of 14th year from the year of deferment.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016	As at March 31, 2015
2.4	**Deferred tax liability (net)**		
	Deferred tax liabilities (a)		
	On difference between book balance and tax balance of fixed assets	5,283.60	4,804.91
		5,283.60	**4,804.91**
	Deferred tax assets (b)		
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	153.59	24.04
	On account of additional depreciation adjusted to reserve and surplus	388.95	26.76
		542.54	**50.80**
	Total (a-b)	**4,741.06**	**4,754.11**
2.5	**Other long-term liabilities**		
	Security deposits	3,815.73	3,370.14
	Total	**3,815.73**	**3,370.14**
2.6	**Long-term provisions**		
	Provision for employee benefit - gratuity (Refer Note 2.36)	171.91	237.49
	Provision for fuel surcharge adjustment (Refer Note 2.28)	2,371.21	2,371.21
	Total	**2,543.12**	**2,608.70**
2.7	**Short-term borrowings**		
	Secured (Refer Note below)		
	Loans repayable on demand		
	Cash credit facilities	6,912.65	8,802.67
	Total	**6,912.65**	**8,802.67**
	Note: The Company has availed cash credit facilities from Banks. This facility is secured against Stocks of raw materials, finished goods, trade receivables, stores and spares, present and future, and by second charges on fixed assets of the company and are guaranteed by Shri S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director. The Loans are repayable on demand and carries interest @ 10.9% p.a. to 12.5% p.a.		
2.8	**Trade payables**		
	Due to micro, small and medium enterprises (Refer Note 2.29)	0.15	36.46
	Due to others	9,084.40	7,459.51
	Total	**9,084.55**	**7,495.97**
2.9	**Other current liabilities**		
	Current maturities of long-term debt (Refer Note 2.3)		
	Term loan	1,813.87	3,519.07
	Deferred payment liability	218.57	89.79
	Interest accrued but not due on borrowings	95.51	105.79
	Advance from customers	2,456.57	1,351.21
	Payable on purchase of fixed assets	176.93	690.29
	Statutory remittances	1,131.45	1,019.58
	Unclaimed dividends (Refer note below)	145.10	53.99
	Total	**6,038.00**	**6,829.72**
	Note: There were no amounts due and outstanding to be credited to Investor Education and Protection Fund		
2.10	**Short-term provisions**		
	Provision for employee benefits - compensated absences (Refer Note 2.36)	138.89	91.88
	Provision for proposed equity dividend	-	434.70
	Provision for tax on proposed equity dividend	-	88.49
	Provision for taxation [(net of advance tax ₹ 9,285.05 lakhs (As at March 31, 2015: ₹ 6,943.19 lakhs)]	479.14	986.17
	Total	**618.03**	**1,601.24**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

SAGAR CEMENTS LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2016

2.11 Fixed assets

(₹ in Lakhs)

	Description	Gross block				Accumulated depreciation and amortization					Net block	
		As on April 1, 2015	Additions	Deletions	As on March 31, 2016	As on April 1 2015	For the year	Transition adjustment recorded against Surplus balance in Statement of Profit and Loss	On deletions	As on March 31 2016	As at March 31, 2016	As at March 31, 2015
A	Tangible assets											
	Land - Freehold	3,816.92	340.97	-	4,157.89	-	-	-	-	-	4,157.89	3,816.92
		(2,517.22)	(1,299.70)	-	(3,816.92)	-	-	-	-	-	(3,816.92)	(2,517.22)
	Buildings	10,209.91	2,891.38	-	13,101.29	3,171.27	595.74	-	-	3,767.01	9,334.28	7,038.64
		(10,064.96)	(144.95)	-	(10,209.91)	(2,659.51)	(511.76)	-	-	(3,171.27)	(7,038.64)	(7,405.44)
	Plant & Machinery	32,136.05	3,403.20	45.49	35,493.76	12,440.60	1,037.90	912.37	21.04	14,369.83	21,123.93	19,695.45
		(31,633.38)	(502.67)	-	(32,136.05)	(11,450.23)	(990.37)	-	-	(12,440.60)	(19,695.45)	(20,183.15)
	Furniture and Fittings	687.84	2.25	2.25	687.84	354.37	87.96	12.56	0.08	454.81	233.03	333.47
		(683.46)	(4.38)	-	(687.84)	(225.23)	(128.84)	(0.30)	-	(354.37)	(333.47)	(458.23)
	Office and Other Equipment	3,511.36	50.28	45.55	3,516.09	2,669.13	130.23	40.61	26.43	2,813.54	702.55	842.23
		(3,499.78)	(11.58)	-	(3,511.36)	(2,399.02)	(248.94)	(21.17)	-	(2,669.13)	(842.23)	(1,100.76)
	Electrical Installations	3,925.62	1,011.67	-	4,937.29	2,588.68	256.45	154.73	-	2,999.86	1,937.43	1,336.94
		(3,925.62)	-	-	(3,925.62)	(2,384.62)	(156.38)	(47.66)	-	(2,588.68)	(1,336.94)	(1,541.00)
	Computers	177.21	16.48	-	193.69	157.12	9.38	-	-	166.50	27.19	20.09
		(164.71)	(12.50)	-	(177.21)	(144.26)	(12.86)	-	-	(157.12)	(20.09)	(20.45)
	Vehicles	751.54	81.41	37.57	795.38	514.55	67.52	3.54	10.12	595.89	199.49	236.59
		(706.89)	(95.38)	(50.93)	(751.54)	(469.80)	(82.13)	(0.33)	(37.31)	(514.95)	(236.59)	(237.08)
	Railway Siding	-	6,426.88	-	6,426.88	-	127.60	-	-	127.60	6,299.28	-
		-	-	-	-	-	-	-	-	-	-	-
	Total (A)	**55,216.45**	**14,224.52**	**130.86**	**69,310.11**	**21,896.12**	**2,332.78**	**1,123.81**	**57.67**	**25,295.04**	**44,015.07**	**33,320.33**
		(53,136.01)	(2,071.36)	(50.92)	(55,216.45)	(19,732.67)	(2,131.28)	(69.46)	(37.31)	(21,896.12)	(33,320.33)	**(33,463.33)**
B	Intangible assets											
	Computer Software	263.85	-	-	263.85	244.57	3.98	-	-	248.55	15.30	19.28
		(263.85)	-	-	(263.85)	(216.13)	(19.19)	(9.25)	-	(244.57)	(19.28)	(47.72)
	Total (B)	**263.85**	-	-	**263.85**	**244.57**	**3.98**	-	-	**248.55**	**15.30**	**19.28**
		(263.85)	-	-	(263.85)	(216.13)	(19.19)	(9.25)	-	(244.57)	(19.28)	(47.72)
	Total (A+B)	**55,480.30**	**14,224.52**	**130.86**	**69,573.96**	**22,140.69**	**2,336.76**	**1,123.81**	**57.67**	**25,543.59**	**44,030.37**	**33,339.61**
		(53,459.86)	(2,071.36)	(50.92)	(55,480.30)	(19,948.80)	(2,150.47)	(78.73)	(37.31)	(22,140.69)	(33,339.61)	(33,511.05)

Note : Amounts in bracket represent previous year figures

SAGAR CEMENTS LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016	As at March 31, 2015
2.12	**Non-current investments (at cost)**		
	Trade (unquoted)		
	Investment in equity instruments		
	(a) Investment in wholly owned subsidiary *		
	BMM Cements Limited (Refer Note 2.43)	7,817.94	-
	103,812,925 (March 31, 2015: Nil) equity shares of ₹ 10 each fully paid-up		
	(b) Investment in other entities		
	Panchavati Polyfibres Limited	2.60	2.60
	26,000 (March 31, 2015: 26,000) equity shares of ₹ 10 each fully paid-up		
	PCL Financial Services ltd	0.05	0.05
	500 (March 31, 2015: 500) equity shares of ₹ 10 each fully paid-up		
	Total	**7,820.59**	**2.65**
	Note:		
	Aggregate amount of unquoted investment	7,820.59	2.65
	* The shares have been pledged against the loan availed by subsidiary		
2.13	**Long-term loans and advances (Unsecured, considered good)**		
	Capital advances	1,000.71	842.42
	Security deposits	3,773.07	3,795.96
	Advances to related parties (Refer Note 2.38)	17,200.00	-
	Prepaid expenses	3.93	-
	Advance income tax (Net of provision)	209.12	208.40
	MAT credit entitlement	2,243.67	2,452.15
	Total	**24,430.50**	**7,298.93**
2.14	**Other non-current assets**		
	Balance held as margin money or security against borrowings, guarantee	287.02	150.87
	Interest accrued on deposits	4.49	
	Total	**291.51**	**150.87**
2.15	**Inventories (At lower of cost and net realisable value)**		
	(a) Raw materials	308.59	152.18
	Goods-in-transit	6.99	1.08
	(b) Coal	994.16	840.19
	Goods-in-transit	1,481.87	1,078.96
	(c) Work-In-Progress	1,461.00	1,705.42
	(d) Stores and spares	1,472.76	1,700.25
	(e) Packing Materials	178.62	153.17
	Goods-in-transit	11.99	13.46
	(f) Finished goods	653.87	586.13
	Total	**6,569.85**	**6,230.84**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016	As at March 31, 2015
2.16	**Trade receivables**		
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	Secured, considered good	27.54	97.54
	Unsecured, considered good	540.14	551.29
	Doubtful	36.20	-
		603.88	648.83
	Less: Provision for bad & doubtful debts	36.20	-
		567.68	648.83
	Other Trade receivables		
	Secured, considered good	929.40	1,310.47
	Unsecured, considered good	3,103.98	3,846.48
		4,033.38	5,156.95
	Total	4,601.06	5,805.78
2.17	**Cash and Bank balances**		
	(a) Cash on hand	1.91	8.64
	(b) Balance with banks		
	(i) In current accounts	14.91	21.19
	(ii) Deposits with banks		
	Maturity less than 12 months		21,422.81
	Maturity more than 12 months	-	216.00
	(iii) In earmarked accounts		
	Unpaid dividend account	145.10	53.99
	Margin money deposit or security against borrowings	204.90	204.90
	Total	366.82	21,927.53
	Of the above, balances that meet the definition of cash and cash equivalents as per Accounting Standard 3 "Cash Flow Statement"	16.82	21,668.64
2.18	**Short-term loans and advances**		
	Advances to suppliers	642.28	1,447.30
	Advances to related parties (Refer Note 2.38)	5,942.96	
	Inter-corporate deposit		7,500.00
	Advance for acquisition of subsidiary	-	2,500.00
	Security deposits	232.27	499.27
	Advances to employees	75.34	-
	Prepaid expenses	90.50	118.34
	Balances with government authorities	173.77	305.12
	MAT credit entitlement	208.48	-
	Total	7,365.60	12,370.03
2.19	**Other current assets**		
	Incentive receivable from Government	332.64	1,017.54
	Interest accrued on loans to related parties (Refer Note 2.38)	2,202.64	
	Interest accrued but not due on deposits	101.42	110.12
	Excise duty refund receivable	235.51	235.51
	Total	2,872.21	1,363.17

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

(₹ in Lakhs)

Note	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
2.20	**Other operating income**		
	Sale of scrap	123.27	11.54
	Insurance claims	14.99	15.79
	Incentive from Government	-	302.93
	Income from brand and man power supply to subsidiary (Refer Note 2.38)	210.50	-
	Total	348.76	330.26
2.21	**Other Income**		
	Interest income	2,823.37	1,382.22
	Dividend income	0.26	0.26
	Net gain on sale of long term investments	-	34,900.00
	Profit on sale of assets		13.74
	Total	2,823.63	36,296.22
2.22	**Cost of materials consumed**		
	Opening stock	152.18	207.69
	Add: Purchases	6,794.53	6,723.05
	Less: Closing stock	308.59	152.18
	Cost of materials consumed	6,638.12	6,778.56
	Details of raw materials consumed		
	Limestone	2,982.04	2,775.46
	Laterite	651.54	720.91
	Iron-ore sludge	772.73	1,028.11
	Gypsum	1,116.75	1,053.63
	FlyAsh	1,115.06	1,200.45
	Total	6,638.12	6,778.56
2.23	**Changes in inventories of finished goods and work-in-progress**		
	Inventories at the end of the year		
	Work-in-Progress	1,461.00	1,705.42
	Finished goods	653.90	586.13
		2,114.90	2,291.55
	Inventories at the beginning of the year		
	Work-in-Progress	1,705.42	568.20
	Finished goods	586.13	662.50
		2,291.55	1,230.70
	Net decrease/(increase) in stocks	176.65	(1,060.85)
2.24	**Manufacturing expenses**		
	Coal consumed	10,108.49	12,802.56
	Power	7,028.23	8,220.84
	Packing material consumed	2,714.29	2,961.97
	Stores and spares consumed	1,595.67	1,311.76
	Repairs and maintenance		
	Plant and Machinery	940.85	863.12
	Buildings	39.55	18.67
	Vehicles	53.13	50.78
	Others	379.07	87.17
	Total	22,859.28	26,316.87

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED * HYDERABAD *

SAGAR CEMENTS LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Note	Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
2.25	**Employee benefits expense**			
	Salaries and wages		3,232.47	2,833.67
	Contribution to provident fund and other funds		193.89	215.96
	Staff welfare expenses		331.01	295.00
		Total	3,757.37	3,344.63
2.26	**Finance costs**			
	(a) Interest expense on			
	(i) Borrowings		2,655.49	3,417.29
	(ii) Interest on delayed payment of income taxes		173.47	-
	(b) Other borrowing costs		659.48	672.79
			3,488.44	4,090.08
	Less: Interest capitalised		584.95	1,781.85
		Total	2,903.49	2,308.23
2.27	**Other expenses**			
	Freight and forwarding expenses		10,056.41	10,856.90
	Selling expenses (Refer Note 2.46)		1,306.89	1,495.73
	Provision for doubtful debts		36.20	-
	Bad and doubtful debts written off		-	69.89
	Rent (Refer Note 2.39)		196.94	173.44
	Insurance		114.06	102.73
	Rates and taxes		137.57	107.87
	Travelling and conveyance		163.69	170.76
	Security services		89.91	66.98
	Donations and contributions		40.90	27.67
	Expenditure on corporate social responsibility (Refer Note 2.41)		36.21	23.11
	Legal and professional		157.14	180.12
	Payments to auditors (Refer note below)		14.90	5.12
	Administrative expenses		209.31	135.24
	Printing and stationery		22.61	23.23
	Communication		49.27	44.76
	Net Loss on foreign currency transactions and translation		76.10	84.16
	Director sitting fees		16.60	10.80
	Loss on sale of fixed assets		17.44	-
	Increase / (decrease) of excise duty on inventory		(13.70)	14.90
	Miscellaneous expenses		6.84	12.04
		Total	12,735.29	13,603.45
	Note:			
	Payment to auditors comprises:			
	Audit Fee		14.50	5.00
	Reimbursement of audit expenses		0.40	0.12
			14.90	5.12

2.28 CONTINGENT LIABILITIES AND COMMITMENTS

a.) **Contingent Liabilities:**

Based on legal opinion/advice obtained, no financial implication to the Company with respect to the following cases is perceived as on the Balance Sheet date.

1) Claims against the Company not acknowledged as debt

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Direct taxes related	28.32	37.60
Indirect taxes related	1,259.18	1,610.11
Others	204.85	202.00

2) APTRANSCO has raised a demand of ₹ 2,371.21 lakhs, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years. Out of which, the Company has paid an amount of ₹ 2,136.79 lakhs up to March 31, 2016. The Company has filed Writ Petition with High Court of Andhra Pradesh. The matter is still pending before the High Court as on March 31, 2016.

3) The Finance Minister of Government of India has announced in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the company took Cenvat credit pertaining to clean energy cess on coal for an amount of ₹ 530.11 lakhs (As at March 31, 2015: ₹ 518.83 lakhs) from July 2010 to April 2015. The Department of Central excise issued a show cause notice letter and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input Cenvat credit, thus the credit availed on cess is irregular. Based on department's letter the amount of ₹ 530.11 lakhs was reversed, but under protest. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the company.

b) **Corporate Guarantee:**

The Company has furnished a corporate guarantee of ₹ 15,000 lakhs to IDBI Trusteeship Services Limited to secure the 1,500 Non-Convertible Debentures of ₹ 10 lakhs each aggregating to ₹ 15,000 lakhs issued by its wholly owned subsidiary, BMM Cements Limited to International Finance Corporation and a further guarantee to secure the credit facilities aggregating ₹ 14,900 lakhs availed by the said subsidiary from its lenders.

c) **Capital Commitment:**

(₹ in lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	394.87	728.87

2.29 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

2.30 The Company does not have any derivative instruments or unhedged foreign currency exposures as on the balance sheet date.

2.31 Disclosure as per Regulation 34(3) of the SEBI (Listing obligation and disclosure requirements) Regulations, 2015

The details of loans and advances to subsidiary are given below:-

(₹ in lakhs)

Particulars	Balance as at		Maximum amount outstanding during the year ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
BMM Cements Limited	22,441.48	-	27,665.75	-

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

2.32 Imported and indigenous raw materials, components and spare parts consumed

(₹ in lakhs)

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	%	Amount	%	Amount
Raw materials				
Imported	4.03	267.48	2.98	119.45
Indigenous	95.97	6,370.64	97.02	6,659.10
Total	**100.00**	**6,638.12**	**100.00**	**6,778.55**
Spare parts				
Imported	0.66	10.57	0.89	11.79
Indigenous	99.34	1,585.10	99.11	1,299.97
Total	**100.00**	**1,595.67**	**100.00**	**1,311.76**

2.33 Value of imports calculated on CIF Basis

(₹ in lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Coal	3,031.97	2,703.69
Capital items and others	26.10	28.12
Total	**3,058.07**	**2,731.81**

2.34 Expenditure in foreign currency

(₹ in lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Travelling and conveyance	4.46	0.92
Total	**4.46**	**0.92**

2.35 Dividend Remittance in Foreign Currency

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Number of shares on which dividends were remitted	-	200
Amount Remitted (₹ in Lakhs)	-	0.01
Period to which dividend payment relates	-	Interim dividend 2014-15

2.36 Employee benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 138.04 lakhs (2014-15 - ₹ 122.52 lakhs).

Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administrated by Life Insurance Corporation of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 36.52 lakhs (2014-15 - ₹ 16.13 lakhs).

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

Employee State Insurance

The Company makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognised during the year aggregated to ₹ 5.14 lakhs (2014-15 - ₹ 6.77 lakhs).

(ii) Defined benefit plan:

Gratuity:

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by the Company's own trust which has subscribed to the "Group Gratuity Life Assurance Plan" of Life Insurance Corporation of India.

The following table sets out the Defined Benefit Plan - as per actuarial valuation as at March 31, 2016 and March 31, 2015:

a) Reconciliation of opening and closing balance of Defined benefit obligation

(₹ in lakhs)

Description	For the year ended March 31, 2016	For the year ended March 31, 2015
Defined benefit obligation at the beginning of the year	557.69	462.27
Current service cost	81.91	62.97
Interest cost	43.5	42.3
Actuarial (gain) / loss	(62.79)	(3.18)
Benefits paid	(13.87)	(6.67)
Defined benefit obligation at the year end	606.44	557.69

b) Reconciliation of opening and closing balances of fair value of plan assets

(₹ in lakhs)

Description	For the year ended March 31, 2016	For the year ended March 31, 2015
Fair value of plan assets at the beginning of the year	320.20	294.54
Acquisition adjustment	1.37	-
Expected return on plan assets	30.17	26.32
Employer contribution	96.66	6.01
Benefits paid	(13.87)	(6.67)
Fair value of plan asset at the year end	434.53	320.20

c) Reconciliation of fair value of assets and obligations

(₹ in lakhs)

Description	For the year ended March 31, 2016	For the year ended March 31, 2015
Fair value of plan assets	434.53	320.20
Present value of obligations	606.44	557.69
Amount recognised in the Balance sheet	171.91	237.49

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

d) **Expenses recognised during the year**

(₹ in lakhs)

Description	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	81.91	62.97
Acquisition adjustment	(1.37)	-
Interest cost	43.5	42.3
Expected return on plan assets	(30.17)	(26.32)
Actuarial (gain) / loss	(62.79)	(3.18)
Net cost	31.08	75.77

Actuarial assumptions

Actuarial assumptions	31-Mar-16	31-Mar-15
a) Mortality table (LIC)	2008-10 (ultimate)	2006-08 (ultimate)
b) Discounting rate	7.90%	7.80%
c) Expected rate of return on plan asset	8.75%	9.25%
d) Expected average remaining working lives of employees	17 years	16 years
e) Rate of escalation in salary	5%	5%

Experience adjustments

(₹ in lakhs)

Description	As at March 31 2016	As at March 31 2015	As at March 31 2014	As at March 31 2013
Defined benefit obligation	606.44	557.69	462.27	381.87
Plan assets	434.53	320.20	294.53	280.64
Surplus/(deficit)	171.91	237.49	167.74	101.23
Experience adjustment on plan liabilities	(62.79)	(3.18)	5.41	40.55
Experience adjustments on plan assets	-	-	-	-

Compensated absences to employees is considered a short term liability which is determined in accordance with the provision of AS 15- employee benefits.

2.37 The Company is exclusively engaged in the business of cement and cement related products. As per AS 17 "Segment Reporting", specified under Section 133 of the Companies Act, 2013, there are no reportable business and geographical segment applicable to the Company.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

2.38 Related Party Disclosure:

(A) The list of related parties of the Company is given below:

Subsidiary:

Parties	Relationship
BMM Cements Limited	Subsidiary Company

Key managerial personnel (KMP)

Parties	Relationship
Shri S Veera Reddy	Managing Director (Managing Director)
Dr. S. Anand Reddy	Joint Managing Director (Joint Managing Director)
Shri S. Sreekanth Reddy	Executive Director (Executive Director)

Relatives of KMP

Parties	Relationship
Smt. S. Vanajatha	Wife of Shri S.Veera Reddy
Smt Rachana Sammidi	Wife of Shri S. Sreekanth Reddy
Smt Aruna	Wife of Dr. S. Anand Reddy
Smt W Malathi	Daughter of Shri S.Veera Reddy
Smt N Madhavi	Daughter of Shri S.Veera Reddy
Smt P Sucharitha Reddy	Mother of Smt Rachana
Smt M Radhika Reddy	Sister of Smt Rachana
Shri P Sudharshan Reddy	Father of Smt Rachana
Shri P Rajith Reddy	Brother of Smt Rachana

Enterprise where KMP along with their relatives exercise significant influence

Parties	Relationship
Panchavati Polyfibers Limited	KMP along with their relatives hold 65.45% shares of the Company
Sagar Power Limited	KMP along with their relatives hold 62.5% shares of the Company
RV Consulting Services Pvt Ltd.	KMP along with their relatives hold 90.25% shares of the Company
Sagarsoft (India) Ltd.	KMP along with their relatives hold 51.14% shares of the Company
Sagar Priya Housing and Industrial Enterprises Ltd.	KMP along with their relatives hold 100% shares of the Company

(B) **Summary of the transactions and balances with the above parties are as follows:** (₹ in lakhs)

Nature of Transactions	Year Ended March 31, 2016	Year Ended March 31, 2015
Purchase of cement:		
BMM Cements Limited	1,796.05	-
Total	**1,796.05**	-
Sale of cement:		
Sagar Power Ltd.	3.12	1.20
Total	**3.12**	**1.20**
Purchase of Raw material:		
Panchavati Polyfibers Limited	2,859.66	3,213.42
Total	**2,859.66**	**3,213.42**
Purchase of Scrap		
BMM Cements Limited	24.53	-
Total	**24.53**	-
Sale of Scrap		

CHARTERED ACCOUNTANTS DELOITTE HASKINS & SELLS

SAGAR CEMENTS LIMITED HYDERABAD

Nature of Transactions	Year Ended March 31, 2016	Year Ended March 31, 2015
BMM Cements Limited	78.71	-
Total	**78.71**	-
Rent expenses		
Dr. S. Anand Reddy	28.35	27.00
Mr. S. Sreekanth Reddy	28.35	27.00
Mrs. S. Vanajatha	28.35	27.00
Total	**85.05**	**81.00**
Remuneration to Key managerial personnel		
Mr. S. Veera Reddy	270.00	324.00
Mr. S. Sreekanth Reddy	207.00	123.46
Dr. S. Anand Reddy	228.00	173.25
Total	**705.00**	**620.71**
Services rendered		
BMM Cements Limited	210.50	-
Sagarsoft (India) Ltd. – Staffing resource services	45.00	13.48
RV Consulting Services Pvt. Ltd. – Consultancy services	10.00	393.26
Total	**265.50**	**406.74**
Reimbursement of expenses		
Sagarsoft (India) Ltd	5.72	6.76
RV Consulting Services Pvt. Ltd.	8.8	16.21
Sagar Power Ltd.	102.48	26.79
Total	**117.00**	**49.76**
Dividend income		
Panchavati Polyfibres Limited	0.26	0.26
Total	**0.26**	**0.26**
Interest earned		
BMM Cements Limited – Interest on loans	1,669.30	-
Total	**1,669.30**	
Loans and Advances given		
BMM Cements Limited – Loan	14,682.00	-
BMM Cements Limited – Advance	6,220.46	-
Total	**20,902.46**	
Advances repaid		
BMM Cements Limited	5,000.00	
Purchase of equity shares		
BMM Cements Limited	7,817.94	-
Total	**7,817.94**	-
Corporate Guarantees on behalf of BMM Cements Limited		
Given/ issued during the year	29,900.00	

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

(₹ in lakhs)

Outstanding Balances	As at March 31, 2016	As at March 31, 2015
Loans, Advances and deposits		
Long term loans and advances		
BMM Cements Limited – Loans	17,200.00	
Short term loans and advances		
BMM Cements Limited – Loans – Short term	4,982.00	-
BMM Cements Limited – Advance	259.48	-
Sagar Power Limited – Advance	691.31	585.71
RV Consulting Services Pvt. Ltd.- Advance and Deposit	11.96	3.16
Total	**5,944.75**	**588.87**
Interest accrued but not due on loans		
BMM Cements Limited	2,202.64	-
Trade Payables		
Sagarsoft (India) Ltd.	2.64	4.04
Panchavati Polyfibers Limited	216.18	148.36
Total	**218.82**	**152.40**
Remuneration Payable		
Mr. S. Veera Reddy	148.87	-
Mr. S. Sreekanth Reddy	144.00	-
Dr. S. Anand Reddy	144.00	-
Corporate guarantees on behalf of BMM Cements Limited		
Outstanding balance	29,900.00	-
Pledge of shares with International Finance Corporation		
BMM Cements Limited	7,817.94	-

2.39 Operating Lease

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease payment recognised in the Statement of Profit and Loss amounting to ₹ 196.94 lakhs (Previous year ₹ 173.44 lakhs)

2.40 Earnings per share

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
1. Net Profit for the period (₹ in lakhs)	4,975.79	29,665.17
2. Weighted average number of shares of ₹ 10 each	17,388,014	17,388,014
3. Earnings per share		
Basic	28.62	170.61
Diluted	28.62	170.61

2.41 Corporate Social Responsibility (CSR) activities:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects.All these activities have been covered under Schedule VII to the Companies Act, 2013. The Company has spent an

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

amount of ₹ 36.21 lakhs (Previous year ₹ 23.11 lakhs) towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under other expense.

2.42 Depreciation

During the previous year ended March 31, 2015, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013 relating to useful of fixed assets, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of ₹ 51.97 lakhs (net of deferred tax of ₹ 26.76 lakhs) against the opening surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

During the year ended March 31, 2016, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013 relating to componentization of fixed assets, the Company has adjusted an amount of ₹ 734.86 lakhs (net of deferred tax of ₹ 388.95 lakhs) against the opening surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

2.43 Details on acquisition of BMM Cements Limited

The Company entered into a Share Purchase Agreement ('SPA') on November 5, 2014, with the shareholders of BMM Cements Limited ('BMM'). On August 27, 2015, the Company acquired the entire shareholding of BMM for a purchase consideration of ₹ 7,817.94 lakhs. Pursuant to the acquisition, BMM is now a wholly owned subsidiary of the Company.

2.44 The Company has certain mining leases granted by the Government for limestone mining in Peddaveedu Village, Matampally upto August 17, 2024.

2.45 Based on the provisions of "The Mines and Minerals (Development and Regulation) Amendment Act, 2015", which is applicable from January 12, 2015 the holder of mining lease granted before the date of commencement of the aforesaid Act, shall in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount not exceeding the royalty paid in terms of the second Schedule in such manner and subject to the categorization of the mining leases and the amount payable by the various categories of lease holders, as may be prescribed by the Central Government.

As on March 31, 2015 the constitution of District Mineral Foundation was pending and modalities pertaining to implementation of the aforesaid provisions were to be notified by the State Government hence the same was not given effect to in the Financial Statement for that year.

The District Mineral Foundation was formed in the State of Telangana on January 20, 2016 and subsequently the provision pertaining to the additional royalty was made in the books from the date of formation of the DMF.

2.46 The previous year revenue figure has been regrouped as follows:

Particulars	Amount in ₹ lakhs
Revenue for the year 2014-15 as per previous year financials	66,265.80
Less: Price difference earlier adjusted against selling expenses included under other expenses in Note 2.27	2,947.30
Less: Captive consumption of cement shown separately on the face of Statement of Profit and Loss	138.66
Revenue for the year 2014-15 as per Statement of Profit and Loss	63,179.84

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

SAGAR CEMENTS LIMITED HYDERABAD

2.47 Figures for the previous year have been regrouped, reclassified wherever necessary to correspond with the current year's classification/disclosures.

For and on behalf of the Board of Directors

S. Veera Reddy Managing Director	**Dr. S. Anand Reddy** Joint Managing Director
S. Sreekanth Reddy Executive Director	**K. Prasad** Chief Financial Officer

R. Soundararajan
Company Secretary
Place: Hyderabad
Date: May 26, 2016

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Balance Sheet as at 31st March 2015

Particulars	Notes	31 March 2015	31 March 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	1738.80	1738.80
Reserves and Surplus	2.2	50394.47	22347.75
Sub-Total : Shareholders' Funds		**52133.28**	**24086.55**
Non-Current Liabilities			
Long Term Borrowings	2.3	12112.93	11135.41
Deferred Tax Liabilities	2.4	4754.11	3224.18
Other Long Term Liabilities	2.5	3319.14	4931.93
Long Term Provisions	2.6	2608.70	1861.81
Sub-Total : Non Current Liabilities		**22794.88**	**21153.34**
Current Liabilities			
Short Term Borrowings	2.7	6350.68	6644.23
Trade Payables	2.8	5130.90	4613.26
Other Current Liabilities	2.9	9125.97	10059.79
Short Term Provisions	2.10	1607.27	177.34
Sub-Total : Current Liabilities		**22214.82**	**21494.62**
TOTAL EQUITY AND LIABILITIES		**97142.98**	**66734.51**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets - Gross	2.11	55480.35	53459.91
Accu dep		22140.74	19948.86
Tangible Assets		33339.61	33511.05
Capital Work-in-Progress		11219.34	4007.28
Non-Current Investments	2.12	2.65	8602.65
Long Term Loans and Advances	2.13	4585.24	4598.67
Sub-Total : Non - Current Assets		**49146.84**	**50719.66**
Current Assets			
Inventories	2.14	6230.84	4177.53
Trade receivables	2.15	5805.78	4848.41
Cash and Cash Equivalents	2.16	19578.40	457.03
Short Term Loans and Advances	2.17	14849.47	2628.95
Other Current Assets	2.18	1531.65	3902.93
Sub-Total : Current Assets		**47996.14**	**16014.85**
TOTAL-ASSETS		**97142.98**	**66734.51**
Summary of Significant Accounting Policies	1 & 2		

The accompanying notes are an integral part of the financial statements

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
21st May 2015

For and on behalf of the Board

S. Veera Reddy
S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

P. SRINIVASAN & CO. Chartered Accountant HYDERABAD

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Statement of Profit and Loss for the year ended 31 March 2015

Particulars	Notes	31 March 2015	31 March 2014
REVENUE			
Revenue from Operations (gross)	2.19	66265.80	56109.56
Less : Excise Duty		8708.33	7215.73
Revenue from Operations (Net)		57557.47	48893.83
Other Income	2.20	36626.48	1781.62
Total Revenue		94183.95	50675.46
EXPENSES			
Cost of materials consumed	2.21	6778.56	5228.12
Change in Inventories of Finished goods and Work-in-Progress	2.22	-1045.95	127.28
Manufacturing expenses	2.23	26316.86	25272.58
Employee Benefit expenses	2.24	3344.63	2531.27
Other expenses	2.25	16501.16	15603.26
Finance Costs	2.26	2308.23	2954.74
Depreciation	2.11	2150.47	2693.40
Total Expenses		56353.96	54410.65
Profit /(Loss) before tax		**37829.98**	**-3735.20**
Tax Expense:			
Current Tax		7929.30	0.00
Tax related to earlier Years		0.00	-57.07
Deferred Tax Charge/(Credit)		-1556.69	1234.16
MAT Credit Entitlement (Credit)		1344.29	.0
Total of Tax Expenses		**8141.70**	**1177.09**
Expenditure towards Corporate Social Responsibility		23.11	0.00
Profit for the period from continuing operations		**29665.17**	**-2558.11**
Profit/(Loss) from discontinuing operations		0.00	0.00
Tax expenses from discontinuing operations		0.00	0.00
Profit/(Loss) from discontinuing operations (After Tax)		0.00	0.00
Profit for the period		**29665.17**	**-2558.11**
Basic Earnings per share of Rs 10 each		170.61	-14.71
Diluted Earnings per share of Rs.10 each		170.61	-14.71

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
21st May 2015

P. SRINIVASAN & CO. Chartered Accountant HYDERABAD

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

For and on behalf of the Board

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Cash Flow Statement for the year ended 31.03.2015

	Particulars	31.03.2015		31.03.2014	
A	**Cash flow from Operating Activities**				
	Profit before tax		37829.98		-3735.20
	Adjustments for				
	Depreciation	2150.47		2693.40	
	Interest & Finance charges	2308.23		2954.74	
	Profit on sale of Investments	-34900.00		0.00	
	Dividends received	-.26		-0.52	
	Profit on sale of Assets	-13.74		-116.03	
	Loss on Sale of Assets	0.09	-30455.20	3.36	5534.95
	Cash generated from Operations		**7374.78**		**1799.75**
	Less: Expenses				
	Interest and Finance charges	2280.38		2965.84	
	CSR Expenses	23.11		0.00	
	Proposed dividend	523.20			
	Income Tax paid	-37.45	2789.24	64.97	3030.81
	Operating Profit before Working Capital Changes		**4585.55**		**-1231.06**
	Movement of Working Capital				
	Increase/ (Decrease) in Trade Payables	517.63		-1814.71	
	Increase/ (Decrease) in Long Term Provisions	746.89		1254.88	
	Increase/ (Decrease) in Short Term Provisions	355.27		72.44	
	Increase/ (Decrease) in Other Current Liabilities	-1851.41		2704.67	
	Increase/ (Decrease) in Other Long Term Liabilities	200.11		550.43	
	Decrease/(Increase) in Trade Receivables	-957.36		481.14	
	Decrease/(Increase) in Inventories	-2053.31		2344.55	
	Decrease/(Increase) in Short Term Borrowings	-293.54		-214.77	
	Decrease/(Increase) in Short Term Loans & Advances	-920.56		741.44	
	Decrease/(Increase) in Other Current Assets	2371.28		-140.99	
	Net Movement of Working Capital		**-1885.01**		**5979.09**
	Net Cash generated from Operations		**2700.53**		**4748.03**
B	**Cash Flow from Investing Activities**				
	Dividend Received	0.26		0.52	
	Purchase of Fixed Assets & Long Term Loans, Advances	-9269.99		-5836.29	
	Advance for acquisition of asset	-10000.00		0.00	
	Sale of Investments (Net of Tax)	36652.24			
	Sale of Fixed Assets	27.26		126.29	
	Net cash used in Investing Activities		**17409.77**		**-5709.48**
C	**Cash Flow from Financing Activities**				
	Receipt of Hire Purchase Loans	0.00		634.45	
	Receipt of Term Loan	4512.79		2985.51	
	Receipt/ (Payment) of Unsecured Loan	-1812.90		855.00	
	Interim Dividend & Dividend Tax Paid FY 2014-15	-1043.28		-173.88	
	Repayment of Term Loans & Hire Purchase Loans	-2645.54		-5342.67	
	Net cash used in Financing Activities		**-988.93**		**-1041.60**
	Net increase in Cash and Cash Equivalent		19121.37		-2003.05
	Cash and Cash equivalent at the beginning of the year		457.03		2460.08
	Cash& Cash equivalent at the end of the year (Refer Note No.2.16)		19578.40		457.03

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
21st May 2015

S.Veera Reddy

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

For and on behalf of the Board

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013. Accounting policies have been consistently applied and management evaluates all recently issued or revised accounting standards on an ongoing basis.

b) Use of Estimates

The preparation of financial statements in conformity with the Indian GAAP requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reporting amounts of revenue and expenses during the reporting period and the disclosures relating to contingent liabilities as on the date of financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known or materialize.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Fixed Assets and depreciation

Fixed Assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non – refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Depreciation on Fixed Assets have been charged based on the useful life, in accordance with Schedule II of the Companies Act, 2013.

Scrap @ 5% of original cost has been considered. Depreciation is calculated on a pro- rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than Rs.5, 000 are depreciated in full in the year of acquisition. Freehold land is not depreciated.

d) Expenditure during construction period

Expenditure during construction period is grouped under "Capital Work In Progress" and the same is allocated to the respective Fixed Assets on the completion of its construction.

e) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, impairment provision is created to bring down the carrying value to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment provision created earlier is reversed to bring it at the recoverable amount subject to a maximum of depreciated historical cost.

f) Revenue recognition

Sales are recognized on dispatch of goods to customers and include excise duty but exclude returns and taxes on sales collected from the customers on behalf of the government.

Internal consumption of the company's products, which are otherwise marketable, is accounted for at transfer price and is included under sales.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits and loans is recognized on the time proportionate method. Insurance Claims are being recognized on receipt basis.

g) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction and exchange differences arising from foreign currency transactions are recognized in the profit and loss account but capitalized where they relate to fixed assets. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Exchange difference, resulting from the difference due to exchange fluctuations of foreign currency assets and liabilities, is disclosed as foreign currency exchange adjustment.

h) Investments

Investments are either classified as current or long term. Current investments are carried at the lower of cost and market value. Long term investments are carried at cost less any permanent diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

i) Inventories

Inventories including work-in-progress are valued at lower of cost and net realizable value. Cost of inventory comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of Raw Materials, Stores and Spares and Packing Materials is determined by using the Weighted Average Cost Method. The cost of Work-in-Progress and Finished Goods is determined by weighted average Cost Method and includes appropriate share of production overheads.

j) Employee Benefits

Short term benefits

Short term employee benefits are charged off at the undiscounted amount in the year in which the related services are rendered.

Long term benefits

Payments to the defined contribution retirement benefit schemes are charged as an expense as they fall due.

Gratuity

Under defined benefit scheme, Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The company has taken a master policy with Life Insurance Corporation of India under group gratuity scheme. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to the Life Insurance Corporation of India.

Employee Leave Encashment

The leave encashment payable to the employees is provided based on the actuarial valuation carried out in accordance with the AS 15 and is not funded.

Provident fund

The company has a defined contribution plan for Provident Fund under which the company contributes the fund to the Regional Provident Fund Commissioner.

Superannuation

The company contributes to superannuation, which is a defined contribution plan as per the policy taken out for the purpose. The company fully contributes all ascertained liabilities to the superannuation fund maintained with Life Insurance Corporation of India.

k) **Income-Tax expense**

Income tax expense comprises current tax and deferred tax charge or credit.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred tax

Deferred tax charge or credit reflects the tax effects due to timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum alternate tax credit

MAT credit entitlement represents the amounts paid in a year under Section 115JB of the Income Tax Act 1961 (IT Act) which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward to set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT credit entitlement", in the balance sheet with a corresponding credit to the profit and loss account, as a separate line item.

l) Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

m) Provisions and contingent liabilities

The Company creates a provision where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow resources is remote, no provision or disclosure is made.

n) Borrowing costs

Borrowing costs attributable to the qualifying fixed assets during construction, renovation and modernization are capitalized. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing cost consists of interest and other financial costs incurred in connection with borrowing of funds.

o) Government Grants

Government grants receivable under Industrial Investment Promotion Policy 2005 – 10 of Government of Andhra Pradesh are accounted based on verification and recommendation of the competent authority as per the policy of Government and in accordance with Accounting Standards 9 and 12.

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2. Notes to Financial Statements for the year ended 31 March 2015

2.1 SHARE CAPITAL

Particulars	31 March 2015	31 March 2014
SHARE CAPITAL		
Authorised		
20,000,000 (31st March 2014: 20,000,000) Equity shares of Rs. 10 each	2000.00	2000.00
2,000,000 (31st March 2014 : 2,000,000) Preference shares of Rs.10 each	200.00	200.00
Total	**2200.00**	**2200.00**
Issued, Subscribed & Paid up		
17,388,014 (31 March 2014: 17,388,014) Equity shares of Rs.10 each	1738.80	1738.80
Total	**1738.80**	**1738.80**

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

Equity shares	31 March 2015		31 March 2014	
	No. of shares	Rs. Lakhs	No. of shares	Rs. Lakhs
At the beginning of the period	17,338,014	1738.80	17,338,014	1738.80
No. of shares issued during the year	0	0	0	0
Outstanding at the end of the period	17,388,014	1738.80	17,388,014	1738.80

1. The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
2. For the year ended 31 March 2015, the amount of per share dividend including interim recognized as distribution to equity shareholders is Rs.7.50 paise (31 March 2014: Rs.Nil) per share.
3. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of Shareholders holding more than 5% shares in the company

Shareholder's Name	31 March 2015		31 March 2014	
	No. of Shares	% of holding	No. of Shares	% of holding
S.Veera Reddy	1643795	9.45	1643795	9.45
S.Aruna	1369545	7.88	1369545	7.88
S.Rachana	1164280	6.70	1162535	6.69
S.Anand Reddy	1149527	6.61	1144913	6.58
S.Sreekanth Reddy	1085757	6.24	1085757	6.24
S.Vanajatha	990769	5.70	990769	5.70
AVH Resources limited	3225211	18.55	3225211	18.55
Twinvest Financial Services Limited	-	-	1142985	6.57
Parficim S.A.S.(A subsidiary of Vicat S.A.)	0	0.00	1000000	5.75

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.2 RESERVES AND SURPLUS

Particulars	31 March 2015	31 March 2014
Balance as per the last Financial statement	34.99	34.99
Add: Additions created during the year	0.00	0.00
Less: Deductions during the year	0.00	0.00
Capital Reserve	**34.99**	**34.99**
Securities Premium Reserve	**10503.06**	**10503.06**
General Reserve		
Balance as per the last Financial statement	3598.40	3598.40
Add: Amount transferred from surplus	0.00	0.00
Closing balance	**3598.40**	**3598.40**
Profit & Loss Account		
Balance as per the last Financial statement	8211.30	10769.40
Add; Profit & Loss Account	29665.17	-2558.11
Less: Dividend	**1304.10**	0.00
Less: Tax on Dividend	**262.37**	0.00
Less: Transfer to general reserve	0.00	0.00
Less: Additional Dep On account of adjustment as per Companies Act 2013	**51.97**	0.00
Total Appropriations	1618.44	0.00
Closing balance	**36258.03**	**8211.30**
Total	**50394.47**	**22347.75**

2.3 LONG-TERM BORROWINGS

Particulars	31 March 2015	31 March 2014
Secured		
Term Loans from Financial Institutions - Indian Rupees		
Andhra Pradesh State Financial Corporation Ltd	0.00	81.84
Term Loans from Banks - Indian Rupees		
State Bank of Hyderabad	0.00	1175.00
State Bank of Hyderabad (B.E)-New Loan FY 2013-14	3581.70	1485.51
State Bank of India	1688.00	2050.00
Term Loans from NBFC		
L & T Finance Ltd.	0.00	650.94
L&T Infrastructure Finance company Ltd	6010.00	4500.00
Total	**11279.70**	**9943.28**
Other Loans & Advances		
Deferred Payment Liabilities (Unsecured)		
Sales Tax Deferment	407.92	497.71
Vehicle Loans from Banks (Secured)	425.31	694.42
Total	**425.31**	**694.42**
Total of Secured & Unsecured	**12112.93**	**11135.41**

Details of Term loans from Financial Institutions	Loan Amount	Loan Disbursed	Installments start	No of monthly Installments	Installment paid up to Mar,2015
State Bank of Hyderabad (Refer Note No. 1)	4500.00	Nov., 2010	**Dec. 2010**	**60**	52
Andhra Pradesh State Financial Corporation Ltd., (Refer Note No.2)	**500.00**	Nov.,2010	**May, 2011**	**55**	46
State Bank of Hyderabad-(Refer Note No. 3)	**4000.00**	FY 2013-14	**June, 2015**	**96**	0
L&T Finance (Refer Note No. 4)	**2000.00**	Nov.,2012	**June, 2013**	**31**	22
L&T Infra Sanction Rs.98 Crores and received Rs.65 Crores (Refer Note No 5)	**6500.00**	Feb.,2013	**Aug., 2015**	**27 Quarterly Installments**	0
State Bank of India (Refer Note No.6)	**2500.00**	FY 2012-13	**Sep,. 2013**	**60**	18

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

1. Term Loan of Rs. 4500 lakhs in Indian Rupees was taken from State Bank of Hyderabad during the year 2010-11 and is repayable in 60 monthly installments from December, 2010. As of 31.03.2015, out of 60 installments, 52 installments have been paid and balance 8 installments to be paid every month at Rs.150 lakhs for first 7 Installments and Rs.125 lakhs for next 1 installment. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.2015 is 14.50% (31.03.2014: 14.50%) The term loan from the bank is secured by Pari Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S.Veera Reddy, Managing Director, Dr S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

2. Term Loan of Rs.500 lakhs in Indian Rupees was taken from Andhra Pradesh State Financial Corporation during the year 2010-11 and is repayable in 55 monthly installments of Rs. 9.10 lakhs each per month. As of 31.03.2015, out of 55 installments, 46 installments have been paid and balance installments to be paid 9. The interest was fixed at 3% below Bench Mark Prime Lending rate of interest. Present rate of interest as on 31.03.2015 is 13% (31.03.2014 : 13.00%). The term loan from the APSFC is secured by Parri Passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S.Veera Reddy, Managing Director, Dr S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

3. State bank of Hyderabad has sanctioned Term Loan for an amount of Rs.4000 lakhs towards Balancing Equipments during the financial year 2013-14, and drawn an amount of Rs.3998.30 lakhs up to 31.03.2015. The loan principal amount is repayable in 96 monthly installments from June, 2015 onwards. The loan was sanctioned with interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. Present rate of interest as on 31.03.15 is 14.50% . The term loan from the bank is secured by Pari Passu charge on the fixed assets i.e. Land, Buildings,Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company .

4. Term Loan of Rs 2000 lakhs in Indian Rupees was taken from L&T Finance Ltd during the year 2012-13 and is repayable in 31 monthly installments from June, 2013. As of 31.03.2015 out of 31 installments 22 installments were paid and 9 installments are to be paid. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.15 is 13.00% . The term loan from the L&T Finance Ltd., is secured by Second Pari Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

5. L&T Infrastructure Finance Company Ltd., is sanctioned Term Loan for Railway siding Project an amount of Rs.9800 lakhs during the financial year 2012-13, and drawn an amount of Rs 6500 lakhs up to 31.03.2015. The loan Principal amount repayable in 24 structured quarterly installments from August, 2015 onwards. The loan was sanctioned with interest at 250 bps below Bench Mark Prime Lending rate and is payable at monthly rests. Present rate of interest as on 31.03.15 is 13.25%. The term loan is secured by first Pari Passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company.

6. Term Loan of Rs. 2500 Lac in Indian Rupees was taken from State Bank of India during the year 2012-13 and is repayable in 60 monthly installments from September, 2013. As of 31.03.2014 out of 60 installments 18 installments were paid and balance 42 installments are to be paid, 25 lakhs for 1st 10 installments and 56 lakhs for 31 installments & 64 lakhs for Final installment. The interest was fixed at 3.30% above Basic Rate of interest. Present rate of interest as on 31.03.15 is 14.25%. The term loan from the bank is secured by Pari Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S.Veera Reddy, Managing Director, Dr S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

7. Sales Tax Deferred amount:

The repayment schedule is as under:

(Rs. in Lakhs)

FY 2016-17	**218.57**
FY 2017-18	**189.35**
Total	**407.92**

8. Vehicle Loans from various Banks / Financial Institutions are secured by the Hypothecation of Specific assets purchased from those loans.

2.4 DEFERRED TAX LIABILITY

Particulars	31 March 2015	31 March 2014
Deferred Tax Liabilities	**4754.11**	**3224.18**
Timing Difference Liability	14136.24	14046.12
Timing Difference Asset	70.73	4108.74
Net Liability	14065.51	9937.37
Deferred Tax Liability provision required	4780.86	3224.18
Less: Adjustment for additional depreciation	26.75	0.00
Net Deferred Tax Liability	**4754.11**	**3224.18**
Provided up to 31.03.2014	3224.18	4458.34
Balance to be provided	**1556.69**	**(1234.16)**

2.5 OTHER LONG TERM LIABILITIES

Particulars	31 March 2015	31 March 2014
Security Deposit from Dealers	3319.14	3119.04
Unsecured Loans	0.00	1812.90
Total	**3319.14**	**4931.94**

2.6 LONG TERM PROVISIONS

Particulars	31 March 2015	31 March 2014
Provision for Employee Benefits		
Provision for Gratuity	237.49	167.74
Provision for Fuel Surcharge Adjustment	2371.21	1694.08
Total	**2608.70**	**1861.81**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.7 SHORT TERM BORROWINGS

Particulars	31 March 2015	31 March 2014
Loans payable on demand (Secured)		
1. Cash Credit Loans from Banks (Secured)		
State Bank of Hyderabad	2569.15	2869.12
State Bank of India	2754.47	2797.71
IDBI Bank Ltd	979.04	801.42
Total	6302.67	6468.25
2. Bills Discounting	48.02	175.97
Total Short Term Borrowings	**6350.68**	**6644.23**

Cash credit Loans from Banks is secured against Stocks of Raw Materials, Finished Goods and Trade Receivables, Stores & spares , present and future, and by second charges on fixed assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr. S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director. The cash credit is repayable on demand and carries interest @ 13% to 14.5%

2.8 TRADE PAYABLES

Particulars	31 March 2015	31 March 2014
Trade payables	4440.61	3546.23
Capital Creditors	690.29	1067.03
Trade payables	**5130.90**	**4613.26**

Out of the said amount Rs.36.46 lakhs (Previous Year : Rs.12.25 lakhs) pertains to micro, small and medium enterprises as defined Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company. There is no interest payable to such parties as at 31st March, 2015.

2.9 OTHER CURRENT LIABILITIES

Particulars	31 March 2015	31 March 2014
1. Current Maturities of Long Term Borrowings		
Andhra Pradesh State Financial Corporation Ltd	81.84	109.20
State Bank of Hyderabad	1175.00	1200.00
State Bank of Hyderabad	416.60	0.00
L & T Finance	650.94	775.31
L&T Infrastructure Finance company Ltd	490.00	0.00
State Bank of India	362.00	300.00
Total of Term Loans	3176.38	2384.51
Hire Purchase Loans	342.69	331.72
Sales Tax Deferred Amount	89.79	2.90
Total of current Maturities on Long term Borrowings	**3608.86**	**2719.13**
2. Other Liabilities		
Advances from Customers Cement & Others	1351.21	1526.30
Transport & Other Expenses	2372.62	3214.87
Value added Tax & CST Payable	829.38	1231.74
Service Tax Payable	0.00	0.00
Excise duty Payable	70.28	554.18
TDS Payable	106.19	51.64
Employee related payables P.F., ESI & Others	17.13	15.72
Unclaimed dividends	53.99	43.43
Interest Accrued but not Due	105.79	77.93
Others	610.52	624.85
Total	**5517.11**	**7340.67**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.10 SHORT TERM PROVISIONS

Particulars	31 March 2015	31 March 2014
Provision for Income Tax	986.17	0.00
Provision for Dividend	434.70	0.00
Provision for Dividend tax	88.49	0.00
Provision for Employee Bonus & Ex-gratia	97.24	177.23
Others	0.67	0.11
Total	**1607.27**	**177.34**

NON CURRENT ASSETS

2.11 FIXED ASSETS (TANGIBLE)

Particulars	31 March 2015	31 March 2014
Fixed Assets (Tangible)	55480.35	53459.91
Less: Accumulated Depreciation	22140.74	19948.86
Net Fixed Assets	**33339.61**	33511.05

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.11 FIXED ASSETS (TANGIBLE)

Particulars	Land	Buildings	Plant & Machinery	Plant & Machinery [DG Sets]	Electrical Installations	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Other Equipment	Total
Cost Or Valuation											
At 1st April 2013	2414.88	9921.72	29872.88	279.67	3925.62	429.85	432.92	420.46	736.54	2914.55	51349.09
Acquired during the year through merger	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additions	105.46	143.21	1480.83	0.00	0.00	253.61	112.48	8.13	17.28	39.83	2160.84
Disposals	3.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46.90	0.00	50.02
Transfer to assets held for sale (Discontinued Operations)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 31st March,2014	**2517.22**	**10064.93**	**31353.71**	**279.67**	**3925.62**	**683.46**	**545.40**	**428.59**	**706.92**	**2954.38**	**53459.91**
Additions	1299.70	144.95	502.67	0.00	0.00	4.38	2.24	12.50	95.58	9.34	2071.37
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.92	0.00	50.92
Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 31st March, 2015	**3816.93**	**10209.88**	**31856.38**	**279.67**	**3925.62**	**687.85**	**547.64**	**441.09**	**751.57**	**2963.72**	**55480.35**
Depreciation											
At 1st April 2013	0.00	2240.31	9676.31	223.92	2143.92	139.12	107.05	328.59	427.05	2005.59	17291.86
Acquired during the year through Merger	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Charge for the year 2013-14	0.00	419.20	1535.37	14.62	240.71	86.14	55.95	31.79	79.18	230.44	2693.39
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.40	0.00	36.40
Transfer to assets held for sales (Discontinued Operations)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 31st March,2014	0.00	2659.51	11211.69	238.54	2384.62	225.26	162.99	360.38	469.84	2236.03	19948.85
Charge for the Year 2014-15	0.00	511.76	987.69	2.68	156.38	128.84	185.91	32.07	82.13	63.03	2150.48
Additional Dep. on account of Adj as per Companies Act, 2013	0.00	0.00	0.00	0.00	47.68	0.30	21.17	9.24	.33	0.00	78.73
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37.31	0.00	37.31
Transfer to assets held for sales (Discontinued Operations)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As 31st March,2015	0.00	3171.27	12199.38	241.22	2588.68	354.40	370.08	401.69	514.99	2299.05	22140.74
At 31st March, 2014	**2517.22**	**7405.42**	**20142.03**	**41.13**	**1541.00**	**458.20**	**382.41**	**68.21**	**237.08**	**718.35**	**33511.05**
As 31st March, 2015	**3816.93**	**7038.62**	**19657.00**	**38.45**	**1336.95**	**333.45**	**177.56**	**39.40**	**236.59**	**664.67**	**33339.61**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.12 NON CURRENT INVESTMENTS

Particulars	31 March 2015	31 March 2014
Non Trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (Unquoted) - Associate Company		
(Nil) Equity Shares of Rs.10 each in Vicat Sagar Cement Private Ltd., (March 31, 2014: 65,236,399 Equity Shares)	0	8600.00
26,000 Equity Shares of Rs.10 each in Panchavati Polyfibres Ltd., (March 31, 2014: 26,000 Equity Shares)	2.60	2.60
Investment in equity instruments (Unquoted) - Others		
500 Equity Shares of Rs.10 each in PCL Financial Services Ltd., (March 31, 2014: 500 Equity Shares)	0.05	0.05
Total	**2.65**	**8602.65**

2.13 LONG-TERM LOANS & ADVANCES

Particulars	31 March 2015	31 March 2014
Unsecured considered good		
(a) Capital Advances		
Advances to Capital goods	842.42	1302.68
Total of Capital Advances	842.42	1302.68
(b) Security Deposits		
Secured considered good		
Deposits with APSEB	1119.28	1119.28
	1119.28	1119.28
(c) Other Loans & Advances		
Rental Deposit	40.50	40.50
Deposit South Central Railways & Suppliers	50.00	50.00
	90.50	**90.50**
Deposits in disputed cases		
Fuel surcharge Adjustment paid under protest	2136.79	1694.08
Advance to Central Excise	195.00	195.00
Deposits with APSEB	108.02	108.02
APGST PAID Under protest	78.68	78.68
CENVAT Paid under protest	7.95	3.84
Deposits with Road Transport Authority	6.59	6.59
Total Advance Paid under Protest	**2533.04**	**2086.22**
Total	**4585.24**	**4598.67**

2.14 INVENTORIES (Valued at lower of cost and net realisable value)

Particulars	31 March 2015	31 March 2014
Raw Materials	165.65	207.69
Work in Progress	1705.42	568.20
Finished goods	586.13	662.51
Stores	1700.25	1916.42
Packing Materials	139.71	166.02
Coal	840.17	425.05
Goods in Transit		
Coal	1078.96	227.39
Raw Materials	0.67	4.14
Packing Materials	13.46	0.00
Fly Ash	0.41	0.12
Total	**6230.84**	**4177.53**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.15 TRADE RECEIVABLES

Particulars	31 March 2015	31 March 2014
Debtors outstanding for a period exceeding six months		
Secured, considered good	97.54	78.58
Unsecured, considered good	551.29	433.90
Net	648.83	512.48
Debtors outstanding for a period less than six months		
Secured, considered good	1310.47	1954.32
Unsecured, considered good	3846.48	2381.61
	5156.94	4335.93
Total	**5805.78**	**4848.41**

2.16 CASH & CASH EQUIVALENTS

Particulars	31 March 2015	31 March 2014
Cash in Hand	8.64	23.05
Cash at Banks	21.18	36.96
Inventory Gold Coins at cost	0.00	2.32
On Dividend accounts	53.99	43.43
Deposits with Banks		
Maturity more than 3 months and up to 12 months	19073.69	13.88
Margin Money deposits	204.90	187.40
Maturity more than 12 months	216.00	150.00
Total	**19578.40**	**457.03**

2.17 SHORT TERM LOANS AND ADVANCES

Particulars	31 March 2015	31 March 2014
	Current	
Advances to Suppliers	1355.54	472.60
Advances to Others *	10130.12	251.18
Deposits with Suppliers	398.13	365.65
Balances with Income tax Authorities	2660.55	1360.59
Balances with Excise Authorities	305.12	178.93
Total	**14849.47**	**2628.95**

* Other Loans & Advances includes an amount of Rs.2,500 Lakhs paid towards advance against acquisition of 100% shareholding in BMM Cements Ltd., and Rs.7,500 lakhs towards ICD to BMM Cements Ltd.

2.18 OTHER CURRENTASSETS

Particulars	31 March 2015	31 March 2014
Incentives Receivable from A.P Govt.	1017.54	3415.75
Other Current Assets	278.60	**251.67**
Excise duty Refund Receivable	235.51	**235.51**
Total	**1531.65**	**3902.93**

2.19 REVENUE FROM OPERATIONS

Particulars	31 March 2015	31 March 2014
Sale of Products includes Taxes on sale	73738.81	63071.16
Less: Taxes On Sale	7473.02	6961.60
Sale of Products	66265.80	56109.56

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.20 OTHER INCOME

Particulars	31 March 2015	31 March 2014
Interest received	1382.22	114.59
Dividend Income	0.26	0.52
Net gain on sale of Investments	34900.00	0.00
Net gain on sale of Assets	13.74	116.03
Insurance Claims	15.79	7.11
Incentives from A.P Govt	302.93	1499.52
Sale of scrap & Others etc.,	11.54	40.13
Other Income	0.00	3.72
Total	**36626.48**	**1781.62**

2.21 COST OF MATERIAL CONSUMED

Particulars	31 March 2015	31 March 2014
Raw materials inventory at the Beginning of the year	207.69	392.66
Add: Purchases	6723.04	5043.16
Total	**6930.74**	**5435.82**
Less: Inventory at the end of the year	152.18	207.69
Consumption of raw materials	6778.56	5228.12
Details of Raw materials consumed		
Limestone	2775.46	2248.66
Laterite	720.91	536.70
Iron-ore Sludge	1028.11	781.66
Mill scale/GCP Dust	0.00	4.04
Gypsum	1053.63	837.74
Fly Ash	1200.44	819.31
Total	**6778.56**	**5228.12**
Details of Inventory		
Laterite	13.87	93.56
Iron-ore sludge	82.87	31.03
Mill scale	0.00	0.00
Gypsum	53.80	78.79
Fly Ash	1.65	4.32
Others	0.00	0.00
Total	**152.18**	**207.69**
Raw materials consumed	**6778.56**	**5228.12**

2.22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	31 March 2015	31 March 2014
Closing stock of Work in Progress	1705.42	568.20
Closing stock of Finished goods	586.13	662.51
Total	2291.55	1230.70
Opening stock of Work in Progress	568.20	705.06
Opening stock of Finished goods	662.51	649.21
Total	1230.70	1354.27
(Increase)/Decrease in stocks	**-1060.85**	**123.57**
Adjustment of Excise duty On stocks	**14.90**	3.71
Net (Increase)/Decrease in stocks	**-1045.95**	**127.28**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.23 OTHER MANUFACTURING EXPENSES

Particulars	31 March 2015	31 March 2014
Coal consumed	12802.56	11054.17
Power	8220.84	8774.47
Packing Material	2961.97	2787.12
Stores & spares consumed	1311.76	1631.10
Rep & Maintenance - Plant & Machinery	863.12	886.51
Rep & Maintenance - Buildings	18.67	45.08
Rep & Maintenance - Vehicles	15.22	16.44
Rep & Maintenance - Others	55.69	24.64
Colony Maintenance	31.48	31.43
Vehicle Maintenance	35.56	21.62
Total	**26316.86**	**25272.58**

2.24 EMPLOYEE BENEFIT EXPENSES

Particulars	31 March 2015	31 March 2014
Salaries, Wages, Bonus & Allowances	2909.42	2197.58
Contribution to Provident Fund & Other Funds	140.20	125.37
Staff Welfare Expenses	295.00	208.32
Total	**3344.63**	**2531.27**

2.25 OTHER EXPENSES

Particulars	31 March 2015	31 March 2014
Transportation Expenses	10856.90	10585.56
Selling expenses	4552.80	4071.94
Security services	66.98	66.21
Administrative expenses	216.31	225.96
Legal , Consultancy & Professional expenses	175.52	124.68
Payments to auditors (refer details below)	9.72	9.85
Insurance	102.73	124.78
Travelling and Conveyance	155.68	122.81
Rent	173.44	165.14
Rates , taxes & Licenses	56.40	45.51
Donations	27.67	23.61
Foreign Exchange Fluctations	84.16	7.53
Miscellaneous Expenses	22.84	29.70
Total	**16501.16**	**15603.26**

PAYMENT TO AUDITORS		
Internal Audit Fees	2.40	2.40
Internal Audit Expenses	.20	.43
Audit Fees	5.00	5.00
Reimbursement of Audit Expenses	.12	.0
Cost Audit Fees	2.00	2.00
Reimbursement of Cost Audit Expenses	.0	.03
Total Payment to Auditors	**9.72**	**9.85**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.26 FINANCE COST

Particulars	31 March 2015	31 March 2014
Interest		
On Term Loans	**1923.84**	1793.24
On Working capital Loans	883.47	917.81
Sub-Total : Interest	**2807.32**	**2711.05**
Interest Capitalized	**1171.87**	**609.98**
Net Finance Cost	**1635.45**	**2101.07**
Bank Charges & Others	672.79	853.67
Total	**2308.23**	**2954.74**

2.27 EARNINGS PER SHARE

Particulars	31 March 2015	31 March 2014
1. Net Profit / (Loss) for the period	29665.17	-2558.11
Shares		
Number of shares at the beginning of the period	17388014	17388014
Number of shares at the end of the period	17388014	17388014
1. Earnings per share Rs.		
Basic	170.61	-14.71
Diluted	170.61	-14.71

2.28 DEPRECIATION

Depreciation on Fixed Assets has been provided with effect from April 01, 2014 adopting the useful life of the fixed assets in alignment with Schedule II to the Companies Act, 2013.

Adjustment to the tune of Rs.51.97 lakhs, net of deferred taxes have been made to opening balance of retained earnings as on April 01, 2014, after retaining the residual value @ 5%, wherever the remaining useful life of an asset was nil as on April 01, 2014.

2.29 OPERATING LEASE

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms.

2.30 CONTINGENT LIABILITIES

Based on legal opinion/advice obtained, no financial implication to the company with respect to the following cases is perceived as on the Balance Sheet date.

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Particulars	31 March 2015		31 March 2014	
	Disputed Amount	**Paid Under Protest**	**Disputed Amount**	**Paid Under Protest**
AP TRANSCO Voltage surcharge and grid supporting charges (Refer Note 1)	173.50	108.00	173.50	108.00
Demand by Sales tax authorities year 2009-10- Sale of Fixed Assets (Refer Note 2)	109.40	27.40	109.40	27.40
Demand by Sales Tax authorities year 1999-2000-Interest on delayed payment (Refer Note 3)	19.60	4.90	19.60	4.90
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note 4)	225.00	195.00	225.00	195.00
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note 5)	650.80	0.00	650.80	0.00
Demand by Road Transport Authority, Nalgonda for payment of Life Tax on dumpers used in the mines (Refer Note No. 6)	28.50	3.20	28.50	3.20
Demand Raised by Central Excise Department (Refer Note No. 7)	59.41	0.00	59.41	0.00
Demand Raised by Central Excise Department (Refer Note No. 8)	43.04	0.00	0.00	0.00
Demand Raised by Central Excise Department (Refer Note No. 9)	146.30	0.00	146.30	0.00
Demand Raised by Central Excise Department (Refer Note No.10)	7.67	3.84	7.67	3.84
Disallowed input tax credit on sales made to SEZ units for the year 2010-11.(Refer Note No. 11)	6.29	0.00	6.29	0.00
Disallowed input tax credit on steel during the year 2007-08. (Refer Note No. 12)	144.25	18.03	144.25	18.03
Disallowed input tax credit on steel during the year 2008-09. (Refer Note No. 13)	75.68	9.46	75.68	9.46
Demand raised by Commissioner of Customs Visakhapatnam, relating to coal classification (Refer Note No. 14)	67.92	0.00	67.92	0.00
Demand raised by Commissioner of Customs Guntur, relating to coal classification. (Refer Note No. 15)	54.75	0.00	54.75	0.00
Disallowance of Expenditure U/s 14A (Refer Note No. 16)	37.60	0.00	37.60	0.00

1 APTRANSCO had raised a demand of Rs.173.50 lakhs towards voltage surcharge and grid supporting charges and the company has paid Rs.108.00 lakhs under protest. The said demand is contested by the company and the matter is pending before the Division Bench of the Honorable High Court of Andhra Pradesh.

2 In the year 2009-10, Sales Tax Authorities raised a demand for Rs.109.40 lakhs in respect of tax on sale of fixed assets. The company has paid an amount of Rs. 27.40 lakhs and contested before the Sales Tax Appellate Tribunal.

3 Demand raised by the Sales Tax Authorities for a sum of Rs.19.60 lakhs towards interest U/s.16(3) of the APGST Act, on delayed payment of tax for the AY 1999-2000. The company filed an appeal with Sales Tax Appellate Tribunal by paying an amount of Rs.4.90 lakhs.

4 The Excise Department had raised a demand of Rs.225.00 lakhs denying the benefit of Cenvat credit on dumpers used in captive mines. The company has paid an amount of Rs.195 lakhs under protest and filed an appeal with CESTAT, Bangalore. Matter is pending before CESTAT.

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

5 The Excise Department had raised a demand of Rs.650.80 lakhs denying the Cenvat credit on MS Steel, Cement, TMT bars etc., used in expansion. The company has contested the same before CESTAT who in turn demanded 50% of the aforesaid amount i.e. Rs.325.40 lakhs to be paid. The company went for an appeal before AP High Court. The AP High Court has granted interim stay order.

6 Show Cause Notice has been received from the RTA, Nalgonda demanding Life Tax on dumpers purchased during year 2006 – 2010 and used in the captive mines. The matter is contested and pending in the Honorable High Court of Andhra Pradesh.

7 Additional Director General Intelligence Hyderabad has issued a Show Cause Notice No.26/2012(OR Mo.53/2012) dated 27-03-13 for an amount of Rs.59.41 lakhs and an equal amount of penalty along with interest on the ground that cement has been cleared to the contractors at a rate which is lesser than the price at which the cement was sold in the normal course of transaction, resulting into a short payment of Central excise duty. Matter is pending before CESTAT Bangalore.

8 Commissioner of Central Excise Hyderabad has issued a Show Cause Notice OR No.60/2013 Hyd III dated 06-05-13 for an amount of Rs.33.04 lakhs and penalty of Rs. 10 lakhs along with interest on the ground that cement has been cleared to the contractors at a rate which is lesser than the price at which the cement was sold in the normal course of transaction, resulting into a short payment of Central excise duty. Matter is pending before CESTAT Bangalore.

9 The Commissioner of Central Excise, Customs and Service Tax, Hyderabad III Commissionerate has raised a Demand for Rs.136.30 lakhs along with interest and also imposed a penalty Rs.10.00 lakhs on the ground that the Company has availed Cenvat Credit against Service Tax paid on the freight charges incurred for the transportation of cement beyond the place of removal during the period from July 2008 to February 2011. Matter is pending before CESTAT Bangalore.

10 The Commissioner (Appeals) of Central Excise, Customs and Service Tax has disallowed CENVAT credit of Rs.7.67 lakhs availed during the period from December 2006 to March 2010 on the ground that Cenvat Credit had been availed on Input Services such as Advertisement, Audit and Telephone telex services used in relation to the trading activity which did not have any nexus with the manufacturing activity. An amount Rs.3.84 lakhs has been deposited by the company under protest and an appeal has been filed before CESTAT, Bangalore in this regard.

11 Input tax credit on sales made to SEZ units during the year 2010-11 amounting to Rs.6.29 lakhs has been disallowed. Interim stay was granted by AP High court. Final hearing is pending before the AP High Court.

12 Input tax credit on steel, MS Angles, etc. taken at the time of factory expansion during the year 2007-08 has been disallowed by the Commercial Tax authorities. Demand was raised for an amount of Rs.144.25 lakhs. An amount of Rs.18.03 lakhs have been paid in order to maintain the appeal. Matter is pending before Appellate Deputy Commissioner Tribunal.

13 Input tax credit on steel, MS Angles, etc. taken at the time of factory expansion during the year 2008-09 has been disallowed by the Commercial Tax authorities. Demand was raised for an amount of Rs.75.68 lakhs. An amount of Rs.9.46 lakhs have been paid in order to maintain the appeal. Matter is pending before Appellate Deputy Commissioner Tribunal.

14 Commissioner of Customs Visakhapatnam has served a demand order on the ground that imported coal was wrongly classified under steam coal instead of bituminous coal. Demand was raised for an amount of Rs.67.92 lakhs. The company has filed an appeal before CESTAT Bangalore against the said order.

15 Commissioner of Customs Guntur has served a show cause notice on the ground that imported coal was wrongly classified under steam coal instead of bituminous coal. Demand was raised for an amount of Rs. 54.75 lakhs. The matter is pending before Commissioner (Appeals).

16 The Deputy Commissioner of Income Tax Circle-1(1), Hyderabad has disallowed an amount of Rs.37.60 lakhs under Section 14A (Disallowance of expenditure incurred in relation to income which is not included in the total income) claimed as expenditure during the assessment years from 2008-09 to 2010-11 on account of Interest paid on term loans to Financial Institutions. In this regard an appeal is being filed by the company with Appellate Tribunal.

17 Bank Guarantees Pending as on 31.03.15 Rs.153.29 lakhs (Previous year Rs. 418.50 lakhs).

2.31 **APTRANSCO** has raised a demand of Rs.23.71 crores, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years. Out of which, the company has paid an amount of Rs.21.37 crores up to 31.3.2015. The company has filed Writ Petition with High Court of Andhra Pradesh. The matter is still pending before the High Court as on 31.03.2015

2.32 The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are given below:

a) **Reconciliation of opening & closing balance of Defined benefit obligation**

Description	**31 March 2015**		31 March 2014	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Defined benefit obligation at the beginning of the year	462.27	95.29	381.87	72.91
Current service cost	62.97	35.87	53.88	22.38
Interest cost	42.30	8.72	31.31	5.98
Actuarial (gain) / loss	(3.18)	62.26	5.42	61.58
Benefits paid	(6.67)	(70.98)	(10.21)	(67.56)
Defined benefit obligation at the year end	557.68	131.16	462.27	95.29

b) **Reconciliation of opening and closing balances of fair value of plan assets**

Description	**31 March 2015**		31 March 2014	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets at the beginning	294.53	-	280.64	-
Expected return on plan assets	26.32	-	24.10	-
Actuarial gain / (loss)		-	-	-
Employer contribution	6.01	-	0.00	-
Benefits paid	(6.67)	-	(10.21)	-
Fair value of plan asset at the year end	320.20	-	294.53	-

c) **Reconciliation of fair value of assets and obligations**

Description	**31 March 2015**		31 March 2014	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets as at 31st March, 2014	320.20	0	294.53	0
Present value of obligations as at 31st March, 14	557.68	131.16	462.27	95.29
Amount recognized in the Balance sheet	(237.48)	(131.16)	(167.74)	(95.29)

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

d) **Expenses recognized during the year**

Description	31 March 2015		31 March 2014	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	62.97	35.86	53.88	22.38
Interest cost	42.30	8.72	31.31	5.98
Expected return on plan assets	(26.32)	0	(24.10)	0
Actuarial (gain) / loss	(3.18)	62.26	5.41	61.58
Net cost	75.76	106.85	66.50	89.94

Investment details: 100% invested in LIC Group gratuity (cash accumulation policy)

Actuarial assumptions

a) Mortality table (LIC) 2006-08 (ultimate)
b) Discounting rate – 7.80 %
c) Expected rate of return on plan asset – 9.25%
d) Expected average remaining working lives of employees–16 Years
e) Rate of escalation in salary – 5 %

2.33 As required by Accounting Standards AS 18, the related parties' disclosure issued by the Institute of Chartered Accountants of India is as follows:

Related Party Disclosures:

Names of related parties and description of relationship:

S.No	Particulars	
1	Key Management Personnel	a. Shri S.Veera Reddy, Managing Director b. Dr.S.Anand Reddy, Joint Managing Director c. Shri S.Sreekanth Reddy, Executive Director
2	Enterprise where key managerial personnel along with their relatives exercise significant influence	a. Panchavati Polyfibres Ltd. b. Sagar Power Limited c. RV Consulting Services Pvt. Ltd. d. Sagar Priya Housing & Industrial Enterprises Ltd. e. Sagarsoft (India) Ltd. f. Smt S.Vanajatha

Transactions with related parties during the year ended March 31, 2015 (Rs.in Lakhs)

Nature of Transaction	Key Management Personnel	Enterprise where key managerial personnel along with their relatives exercise significant influence	Balance as on 31.03.2015
Purchase of power from Sagar Power Ltd.		200.45	585.71
Remuneration to Directors: 1. Sri S.Veera Reddy, Managing Director 2. Dr.S.Anand Reddy, Joint Managing Director 3. Sri S.Sreekanth Reddy, Executive Director	324.00 173.25 123.46		
Rent Payments: 1. Dr.S.Anand Reddy, Joint Managing Director 2 Sri S.Sreekanth Reddy, Executive Director 3 Smt.S.Vanajatha	27.00 27.00	27.00	
Purchase of Bags from Panchavati Polyfibres Limited.		3213.42	148.36(Cr)
Dividend received from Panchavati Polyfibres Limited.		0.26	0
Loan taken from RV Consulting Services Pvt. Ltd.		105.00	1.77(Dr)
Interest on loan paid to RV Consulting Services Pvt. Ltd.		95.46	0
Consultancy charges paid to RV Consulting Services Pvt.Ltd.		393.26	1.39(Dr)
Consultancy charges paid to Sagarsoft (India) Ltd.		13.48	4.04 (Cr)

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.34 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	31 March 2015	31 March 2015	31 March 2014	31 March 2014
Raw Materials	% of Total Consumption	Value of Consumption	% of Total Consumption	Value of Consumption
Imported	2.98	119.45	0	0
Indigenous	97.02	6659.10	100	5228
Total	**100.00**	**6778.55**	**100**	**5228**
Spare Parts				
Imported	0.87	11.36	5.54	89.84
Indigenous	99.13	1299.97	94.46	1532.58
Total	100.00	**1311.33**	**100.00**	**1622.42**

2.35 CAPITAL COMMITMENTS

Particulars	31 March 2015	31 March 2014
Estimated amount of Contracts remaining to be executed on capital account	**728.87**	**3071.94**

2.36 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2015	31 March 2014
Components, Spare parts, Capital Items and Others	28.12	64.52
Total	**28.12**	**64.52**

2.37 EXPENDITURE IN FOREIGN CURRENCY

Particulars	31 March 2015	31 March 2014
Imported Materials	2703.69	214.40
Travelling	0.92	6.03
Total	**2704.61**	**6.03**

2.38 Dividend Remittance in Foreign Currency

Particulars	31 March 2015	31 March 2014
Number of shares on which dividends were remitted	200	1,000,000
Amount Remitted (Rs. in Lakhs)	0.01	10.00
Period to which dividend payment relates	Interim dividend 2014-15	Year ended March 31, 2013

2.39 **Corporate Social Responsibility (CSR) activities**: The Company has spent an amount of Rs.23.11 lakhs towards Corporate Social Responsibility (CSR) activities based on the recommendations of CSR Committee constituted by the Board. All these activities have been covered under Schedule VII to the Companies Act, 2013.

2.40 In the opinion of the Board, current assets and loans and advances are realizable at a value, which is at least equal to the amount, at which these are stated, in the ordinary course of business. Independent confirmation of balances of sundry debtors, sundry creditors, loans and advances and other parties are in progress as on the date of this report.

2.41. The Finance Minister of Government of India had announced in the budget for the year 2010-2011, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from 1.7.2010.

As advised by the legal experts the company took Cenvat credit pertaining to clean energy cess on coal for an amount of Rs.5,18,83,449-00 from July 2010 to March 2015. The Department of Central Excise issued a letter and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input Cenvat credit, thus the credit availed on cess is irregular. Based on departments letter the amount of Rs. 5, 18, 83,449-00 was reversed, but UNDER PROTEST. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the company.

2.42 Based on the provisions of "The Mines and Minerals (Development and Regulation) Amendment Act,2015" which is applicable from 12th January, 2015 the holder of mining lease granted before the date of commencement of the aforesaid Act, shall in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount not exceeding the royalty paid in terms of the second Schedule in such manner and subject to the categorization of the mining leases and the amount payable by the various categories of lease holders, as may be prescribed by the central Government.

As on the date of Balance Sheet constitution of District Mineral Foundation is pending and modalities pertaining to implementation of the aforesaid provisions are still to be notified by the State Government hence the same have not been given effect to in the financial statements for the current year.

2.43 Figures for the previous year have been regrouped, recast and rearranged to confirm to those of the current year wherever necessary.

For and on behalf of		For and on behalf of the Board
P.Srinivasan & Co., Chartered Accountants	S. Veera Reddy **S.Veera Reddy** Managing Director	**Dr.S.Anand Reddy** Joint Managing Director
K.Ranganathan Partner	**S.Sreekanth Reddy** Executive Director	**K.Prasad** Chief Financial Officer
Hyderabad 21st May 2015		**R.Soundararajan** Company Secretary

P. SRINIVASAN & CO. ★ HYDERABAD ★ Chartered Accountant

P. SRINIVASAN & CO
CHARTERED ACCOUNTANTS

H.No. 12-13-422, Street No.1,
(Lane Opp. to Bank of Baroda)
Tarnaka, Secunderabad -17.
Ph. No. 040-65534105,
Fax : 040-27014948

Independent Auditors' Report

The Members of
Sagar Cements Limited,
Hyderabad.

Report on the Financial statements

We have audited the accompanying financial statements of Sagar Cements Limited ('the company'), which comprise the Balance Sheet as at March 31, 2014, the statement of Profit and loss of the Company and the cash flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditor's 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

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(Lane Opp. to Bank of Baroda)
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Ph. No. 040-65534105,
Fax : 040-27014948

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, 2014;

b. In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended ('the Order') issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act,1956('the Act), we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

2. As required by Section 227(3) of the Act, we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books ;

   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013

   e. On the basis of written representations received from the Directors, as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act,1956;

For P.SRINIVASAN & Co.,
Chartered Accountants
Firm's Registration No.004055S

K.RANGANATHAN
Partner
Membership No. 010842

Hyderabad
May 13, 2014

P. SRINIVASAN & Co.,
CHARTERED ACCOUNTANTS

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Annexure to the independent Auditors' Report

Referred to in Paragraph 1under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
3. As per information and explanation given by the management during the year, the company has not disposed off a substantial part of its fixed assets and going concern assumption of the company is not affected.
4. As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
5. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
6. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
7. According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintain under Section. 301 of the Companies Act, 1956.
8. As the company has not granted or taken loans to/from companies, firms or other parties listed in the registered maintained under section 301 of the Companies Act, 1956 the clause relating to rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, which are prima facie prejudicial to the interest of the company is not applicable to the company.
9. As the company has not taken loans from/ granted to companies, firms or other parties listed in the registered maintained under section 301 of the Companies Act, 1956 the clause relating to the regular payment of principal amount and interest is not applicable to the company.
10. As the company has not taken loans from or granted to companies, firms or other parties listed in the registered maintained under section 301 of the Companies Act, 1956 the clause relating to steps taken for recovery/payment of the principal and interest on overdue amount of more than one lakh, is not applicable to the company.
11. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
12. a) Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

    b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding Rs. Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

P. SRINIVASAN & Co.,
CHARTERED ACCOUNTANTS

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13. The Company has not accepted deposits from the public during the year.
14. In our opinion the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
15. In our opinion and according to the information and explanations given to us, the company has made and maintained accounts and records prescribed by the Central Government under Section 209(1) (d) of the Companies Act,1956. However, we have not carried out any detailed examination of such records.
16. According to the records of the company, the Company is regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Investor education and protection fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
17. According to the information and explanations given to us, the details of dues on sales tax, excise duty and others which have not been deposited as on March 31, 2014 on account of disputes are given below:

Sl. No	Name of the statute	Amount Rs.	Amount Deposited under protest	Period to which the amount relates	Nature of dues	Forum where the dispute is pending
1.	A.P.transco	1,73,50,747	1,08,02,441	1999-2000	Voltage surcharge & grid supporting charges	Filed an appeal with Division Bench, High Court of A.P.
2.	Sales Tax Authorities	1,09,40,297	27,35,074	2009-10	Tax on sale of Fixed Assets	Contested before the State Appellate Tribunal
		19,60,832	4,90,208	1999-2000	Interest on delayed payments	Filed an Appeal before the Appellate Tribunal
		1,44,25,000	18,03,000	2007 -08	Disallowance of input tax credit on steel purchased	Filed an Appeal before Appellate Deputy Commissioner
		75,68,000	9,46,000	2008 - 09	Disallowance of input tax credit on steel	Filed an appeal before Appellate Deputy

P. SRINIVASAN & Co.,
CHARTERED ACCOUNTANTS

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Tarnaka, Secunderabad - 500 017.
Ph. : 040-65534105, Fax : 27014948

					purchased	commissi oner
3.	Income Tax Authorities	74,98,000	-	2006-07	Disallowance of certain expenditure	Contested before the Commissioner
		75,29,000		2008-09, 2009-10 and 2010-11	Disallowance of expenditure U/s 14A	Contested before the Commissioner
4.	Central Excise Authorities	2,24,95,200	1,95,00,000	2008-09	Denying the benefit of Cenvat credit on capital goods	Filed an Appeal withCESTAT, Bangalor.
		6,50,80,000			Denying the benefit of Cenvat credit on capital goods	Filed an Appeal with CESTAT, Bangalore
		59,41,000			Cement has been cleared to the contractors at a rate lesser than the market price.	Filed before Commissioner of Central Excise Hyderabad III commissionerate.
		1,46,30,000		July 2008 to February 2011	Denying Cenvat credit against service tax paid on freight charges incurred for transportation of	Filed an Appeal with CESTAT, Bangalore

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		7,67,000	3,84,000 -	December 2006 to March 2010	Denying Cenvat credit on Input services such as Advertisement, audit and Telephone, telex services used in relation to trading activity.	Filed an Appeal with CESTAT, Bangalore
5.	Road Transport Authority	28,50,000	3,20,000	2006-07	Life tax on dumpers used in captive mines	Filed an Appeal in High Court of A.P.
6.	Customs Authorites	67,92,000			Imported Coal was wrongly classified under steam coal instead of bituminous coal	Filed an Appeal before CESTAT, Bangalore

18. The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
19. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
20. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
21. The company is not a chit fund or nidhi or mutual fund/society and hence the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
22. The company is not dealing in or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
23. As the company has not given any guarantee for loans taken by others from banks or financial institutions, hence the provisions of clause 4(xv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
24. In our opinion the term loans taken by the company have been applied for the purpose for which they were raised.
25. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short -

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term basis have been used for long -term investment. No long-term funds have been used for short-term assets.

26. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

27. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.

28. During the year the company has not raised monies by public issue.

29. According to the information and explanations given to us and the books and records examined by us, no fraud on or by the company has been noticed or reported during the year.

For P.Srinivasan & Co.,
Chartered Accountants
Firm Regd No. 004055S

K.RANGANATHAN
Partner
Membership No. 010842

Hyderabad
May 13, 2014

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Balance Sheet as at 31st March 2014

Particulars	Notes	31 March 2014	31 March 2013
EQUITY AND LIABILITIES			
Share holders' Funds			
Share Capital	2.1	1738.80	1738.80
Reserves and Surplus	2.2	22347.74	24905.85
Sub-Total : Shareholders' Funds		**24086.54**	**26644.65**
Non-Current Liabilities			
Long Term Borrowings	2.3	11135.42	10264.92
Deferred Tax Liabilities	2.4	3224.18	4458.34
Other Long Term Liabilities	2.5	5998.97	4593.54
Long Term provisions	2.6	1861.82	606.93
Sub-Total : Non Current Liabilities		**22220.39**	**19923.73**
Current Liabilities			
Short Term borrowings	2.7	6644.22	6858.99
Trade Payables	2.8	3546.23	5360.94
Other Current Liabilities	2.9	10059.79	9959.42
Short Term Provisions	2.10	177.34	526.79
Sub-Total : Current Liabilities		**20427.58**	**22706.14**
TOTAL EQUITY AND LIABILITIES		**66734.51**	**69274.52**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets - Gross		53459.91	51349.09
Accumulated Depreciation		19948.86	17291.86
Tangible Assets	2.11	33511.05	34057.23
Capital Work - in- Progress		4007.28	2154.11
Non - Current Investments	2.12	8602.65	8602.65
Long Term Loans & Advances	2.13	4598.67	2776.38
Sub-Total : Non - Current Assets		**50719.65**	**47590.37**
Current Assets			
Inventories	2.14	4177.54	6522.09
Trade Receivables	2.15	4848.41	5329.55
Cash and Cash Equivalents	2.16	457.03	2460.08
Short Term Loans and Advances	2.17	2628.95	3610.49
Other current Assets	2.18	3902.93	3761.94
Sub-Total : Current Assets		**16014.86**	**21684.15**
TOTAL ASSETS		**66734.51**	**69274.52**
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the Financial Statements

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
13th May 2014

For and on behalf of the Board

S.Veera Reddy
S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Asst.Vice President (Finance)

R.Soundararajan
Company Secretary

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Statement of Profit and Loss for the year ended 31 March 2014

Particulars	Notes	31 March 2014	31 March 2013
REVENUE			
Revenue from Operations (Gross)	2.19	56109.56	63904.03
Less : Excise Duty		7215.73	8052.48
Revenue from Operations (Net)		48893.83	55851.55
Other Income	2.20	1781.62	2602.95
Total Revenue		**50675.45**	**58454.50**
EXPENSES			
Cost of Materials Consumed	2.21	5228.12	5385.68
Change in Inventories of Finished Goods and Work-in-Progress	2.22	127.27	575.19
Manufacturing Expenses	2.23	25272.58	26570.29
Employee Benefit Expenses	2.24	2531.27	2303.40
Other Expenses	2.25	15603.27	16797.79
Finance Costs	2.26	2954.74	3055.38
Depreciation	2.11	2693.40	2674.39
Total Expenses		54410.65	57362.12
Profit /(Loss) before Tax		**-3735.20**	**1092.38**
Tax Expense:			
Current Tax		0.00	284.09
Tax related to earlier Years		57.07	(67.47)
Deferred Tax Charge/(Credit)		(1234.16)	(2.22)
Total of Tax Expenses		**1177.09**	**214.40**
Profit for the period from continuing operations		**-2558.11**	**877.98**
Profit for the period		**-2558.11**	**877.98**
Basic Earnings per share of Rs.10/- each	2.27	Rs.-14.71	Rs.5.05
Diluted Earnings per share of Rs.10/- each	2.27	Rs.-14.71	Rs.5.05

The accompanying notes are an integral part of the Financial Statements

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
13th May 2014

For and on behalf of the Board

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

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SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Cash Flow Statement for the year ended 31.03.2014

	Particular	31.03.2014		31.03.2013	
A	**Cash flow from Operating Activities**				
	Profit before Tax		-3735.20		1092.38
	Adjustments for				
	Depreciation	2693.40		2674.39	
	Interest and Finance charges	2954.74		3055.38	
	Dividends received	-0.52		-0.52	
	Profit on Sale of Assets	-116.03		-426.01	
	Loss on Sale of Assets	3.36	5534.95	0.09	5303.33
	Cash Generated from Operations		**1799.75**		**6395.71**
	Less: Expenses				
	Interest and Finance charges	2965.84		3102.47	
	Income Tax paid	64.97	3030.81	439.59	3542.05
	Operating Profit before Working Capital Changes		**-1231.06**		**2853.66**
	Movement of Working Capital				
	Increase/(Decrease) in Trade Payables	-1814.71		-1046.35	
	Increase/(Decrease) in Long Term Provisions	66.50		483.69	
	Increase/(Decrease) in Short Term Provisions	72.44		13.95	
	Increase/(Decrease) in Other Current Liabilities	2704.67		436.87	
	Increase/(Decrease) in Other Long Term Liabilities	1738.81		1746.67	
	Decrease/(Increase) in Trade Receivables	481.14		-484.73	
	Decrease/(Increase) in Inventories	2344.55		2046.84	
	Decrease/(Increase) in Short Term Borrowings	-214.77		-912.28	
	Decrease/(Increase) in Short Term Loans & Advances	741.44		-147.85	
	Decrease/(Increase) in other current Assets	-140.99		-1552.65	
	Net Movement of Working Capital		**5979.08**		**584.16**
	Net Cash Generated from Operations		**4748.02**		**3437.82**
B	**Cash Flow from Investing Activities**				
	Dividend Received	0.52		0.52	
	Purchase of Fixed Assets & Long Term Loans, Advances	-5836.29		-4334.64	
	Sale of Fixed Assets	126.29		479.43	
	Net Cash used in Investing Activities		**-5709.48**		**-3854.69**
C	**Cash flow from Financing Activities**				
	Receipt of Hire Purchase Loans	634.45		0.00	
	Receipt of Term Loan	2985.51		7500.00	
	Receipt/ (Payment) of Unsecured loan	855.00		557.90	
	Dividend paid	-173.88		-521.64	
	Repayment of Term Loans & Hire purchase Loans	-5342.67		-4931.31	
	Net Cash used in Financing Activities		**-1041.59**		2604.95
	Net Increase in Cash and Cash Equivalent		-2003.05		2188.08
	Cash and Cash equivalent at the beginning of the year		2460.08		272.00
	Cash and Cash equivalent at the end of the year		**457.03**		**2460.08**

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
13th May, 2014

For and on behalf of the Board

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

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Executive Director

K.Prasad
Asst.Vice President (Finance)

R.Soundararajan
Company Secretary

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Assumptions

The financial statements of Sagar Cements Ltd have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the basis of a going concern and on accrual basis. GAAP comprises accounting standards notified by the Central Government of India U/s.211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act,1956 and guidelines issued by Securities and Exchange Board of India.

b) Fixed Assets and depreciation

Fixed Assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non – refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Depreciation on plant and machinery is charged under straight line method and on other assets depreciation is charged under WDV method, applying the rates worked out in accordance with Schedule XIV of the Companies Act, 1956. Depreciation is calculated on a pro- rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than Rs.5, 000 are depreciated in full in the year of acquisition. Freehold land is not depreciated.

c) Revenue recognition

Sales are recognized on dispatch of goods to customers and include excise duty but exclude returns and taxes on sales collected from the customers on behalf of the government.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits and loans is recognized on the time proportionate method.

d) Investments

Investments are either classified as current or long term. Current investments are carried at the lower of cost and market value. Long term investments are carried at cost less any permanent diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

e) Inventories

Inventories including work-in-progress are valued at lower of cost and net realizable value. Cost of inventory comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of Raw Materials, Stores and Spares and Packing Materials is determined by using the Weighted Average Cost Method. The cost of Work-in-Progress and Finished Goods is determined by weighted average Cost Method and includes appropriate share of production overheads.

f) Employee Benefits

Short term benefits

Short term employee benefits are charged off at the undiscounted amount in the year in which the related services are rendered.

Long term benefits

Payments to the defined contribution retirement benefit schemes are charged as an expense as they fall due.

Gratuity

Under defined benefit scheme, Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The company has taken a master policy with Life Insurance Corporation of India under group gratuity scheme. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to the Life Insurance Corporation of India.

Employee Leave Encashment

The leave encashment payable to the employees is provided based on the actuarial valuation carried out in accordance with the AS 15 and is not funded.

Provident fund

The company has a defined contribution plan for Provident Fund under which the company contributes the fund to the Regional Provident Fund Commissioner.

Superannuation

The company contributes to superannuation, which is a defined contribution plan as per the policy taken out for the purpose. The company fully contributes all ascertained liabilities to the superannuation fund maintained with Life Insurance Corporation of India.

g) **Income-Tax expense**

Income tax expense comprises current tax and deferred tax charge or credit.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred tax

Deferred tax charge or credit reflects the tax effects due to timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum alternate tax credit

MAT credit entitlement represents the amounts paid in a year under Section 115JB of the Income Tax Act 1961 (IT Act) which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward to set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT credit entitlement", in the balance sheet with a corresponding credit to the profit and loss account, as a separate line item.

h) **Earnings per share**

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

i) **Provisions and contingent liabilities**

The Company creates a provision where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow resources is remote, no provision or disclosure is made.

j) **Government Grants**

Government grants receivable under Industrial Investment Promotion Policy 2005 – 10 of Government of Andhra Pradesh are accounted based on verification and recommendation of the competent authority as per the policy of Government and in accordance with Accounting Standards 9 and 12.

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2. Notes to Financial Statements for the year ended 31 March 2014

2.1 SHARE CAPITAL

Particulars	31 March 2014	31 March 2013
Authorized		
20,000,000 (31 March 2013: 20,000,000) Equity Shares of Rs.10 each	2000.00	2000.00
2,000,000 (31 March 2013: 2,000,000) Preference shares of Rs.10 each	200.00	200.00
Total	**2200.00**	**2200.00**
Issued, Subscribed & Paid-up		
17,388,014 (31 March 2013: 17,338,014) Equity shares of Rs.10 each	1738.80	1738.80
Total	**1738.80**	**1738.80**

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

Equity shares	31 March 2014		31 March 2013	
	No. of shares	Rs. Lakhs	No. of shares	Rs. Lakhs
At the beginning of the period	17,338,014	1738.80	17,338,014	1738.80
No. of shares issued during the year	0	0	0	0
Outstanding at the end of the period	17,388,014	1738.80	17,388,014	1738.80

1. The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general Meeting.

2. For the year ended 31 March 2014, the amount of per share dividend recognized as distribution to equity shareholders is Rs.Nil (31 March 2013: Rs.1 per share).

3. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of Shareholders holding more than 5% shares in the company

Shareholder's Name	31 March 2014		31 March 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
S.Veera Reddy	1643795	9.45	1643795	9.45
S.Aruna	1369545	7.88	1369545	7.88
S.Rachana	1162535	6.69	1153230	6.63
S.Anand Reddy	1144913	6.58	1142312	6.57
S.Sreekanth Reddy	1085757	6.24	1085757	6.24
S.Vanajatha	990769	5.70	990769	5.70
AVH Resources limited	3225211	18.55	2727032	15.68
Twinvest Financial Services Limited	1142985	6.57	1142985	6.57
Parficim S.A.S.(A Subsidiary of Vicat S.A.)	1000000	5.75	1000000	5.75

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.2 RESERVES AND SURPLUS

Particulars	31 March 2014	31 March 2013
Balance as per the last Financial Statement	34.99	34.99
Add: Additions created during the year	0.00	0.00
Less: Deductions during the year	0.00	0.00
Capital Reserve	**34.99**	**34.99**
Securities Premium Reserve	**10503.06**	**10503.06**
General Reserve		
Balance as per the last Financial Statement	3598.40	3598.40
Add: Amount transferred from surplus	0.00	0.00
Closing balance	**3598.40**	**3598.40**
Profit & Loss Account		
Balance as per the last Financial Statement	10769.40	10094.85
Add: Profit & Loss Account	-2558.11	877.98
Less: Proposed Dividend	0.00	173.88
Less: Tax on Proposed Dividend	0.00	29.55
Less: Transfer to general reserve	0.00	0.00
Total Appropriations	0.00	0.00
Closing balance	**8211.29**	**10769.40**
Total	**22347.74**	**24905.85**

2.3 LONG-TERM BORROWINGS

Particulars	31 March 2014	31 March 2013
Secured		
Term Loans from Financial Institutions - Indian Rupees		
Andhra Pradesh State Financial Corporation (Refer Note No.5)	81.84	181.94
Term Loans from Banks - Indian Rupees		
IDBI Bank Ltd (Refer Note No.1)	0.00	0.00
State Bank of India (Refer Note.No.2)	0.00	0.00
State Bank of Hyderabad (Refer Note No.3)	0.00	0.00
State Bank of Hyderabad (Refer Note No.4)	1175.00	2375.00
State Bank of Hyderabad (Refer Note No.6)	1485.51	0.00
L & T Finance Ltd. (Refer Note No.7)	650.94	1604.91
L & T Infrastructure Finance Co. Ltd. (Refer Note No.8)	4500.00	3000.00
State Bank of India (Refer Note 9)	2050.00	2325.00
Total	**9943.29**	**9486.85**
Other Loans & Advances (Unsecured)		
Sales Tax Deferment (Refer Note No.10)	497.71	500.61
Hire Purchase Loans (Secured)		
Vehicle Loans from Banks (Refer Note No.11)	694.42	277.46
Total	**1192.13**	**778.07**
Total of Secured & Unsecured	**11135.42**	**10264.92**

1. Term Loan of Rs.10000 lakh in Indian Rupees was taken from IDBI Bank during the year 2008-09 and is repayable in 60 monthly installments of Rs.167 lakh each per month. The loan was sanctioned with interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. As of 31.03.2014, total loan have been repaid.

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2. Term Loan of Rs.4500 lakh in Indian Rupees was taken from State Bank of India during the year 2008-09 and is repayable in 60 monthly installments of Rs.75 lakh each per month. The loan was sanctioned with interest at 0.50% below Stat Bank Advance Rate and is payable at monthly rests. As of 31.03.2014, total loan have been repaid.

3. Term Loan of Rs.5000 lakhs was taken from State Bank of Hyderabad during the year 2008-09 and it is repayable in 60 monthly installments of Rs.83.30 lakhs each. The loan carried an interest at 75 base points below the prime lending rate of the Bank and is payable at monthly rests. As of 31.03.2013, out of total 60 installments, 51 installments were paid and 9 installments are to be paid. Rate of interest as on 31.03.2013 is 14.25% (31.03.2012: 14.25%). The term loan is secured by a *pari-passu* charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director. As of 31.03.2014, total loan have been repaid.

4. Term Loan of Rs.4500 lakh in Indian Rupees was taken from State Bank of Hyderabad during the year 2010-11 and is repayable in 60 monthly installments from Dec, 2010. As of 31.03.2014 out of 60 installments, 40 Installments have been paid & balance 20 installments to be paid every month at Rs.100 lakh for first 12 installments and Rs. 150 lakh for next 7 installments & 1 installment Rs.125 lakh. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.14 is 14.50% (31.03.13: 14.50%). The term loan from the bank is secured by Pari Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

5. Term Loan of Rs.500 lakh in Indian Rupees was taken from Andhra Pradesh State Financial Corporation during the year 2010-11 and is repayable in 55 monthly installments of Rs.9.10 lakh each per month. As of 31.03.2014 out of 55 installments, 35 installments have been paid and balance installments to be paid are 20. The interest was fixed at 3% below Bench Mark Prime Lending rate of interest. Present rate of interest as on 31.03.14 is 13% (31.03.13: 13.00%). The term loan from the APSFC is secured by Parri Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

6. State Bank of Hyderabad has sanctioned Term Loan for Balancing Equipments, an amount of Rs.4000 lakhs during the financial year 2013-14, the company has drawn an amount of Rs.1485.51 lakhs up to 31.03.2014. The loan principal amount is repayable in 96 monthly installments from March 2015 onwards. The loan was sanctioned with interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. Present rate of interest as on 31.03.14 is 14.50%. The term loan from the bank is secured by Pari Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company.

7. Term Loan of Rs.2000 lakhs was taken from L & T Finance Ltd during the year 2012-13 and is repayable in 31 monthly installments from June, 2013. As of 31.03.14 out of 31 installments 10 installments were paid and 21 installments are to be paid. The interest was fixed at 4.25% above Base Rate of interest. Present rate of interest as on 31.03.14 is 13.00%. The term loan from the L&T Finance Ltd., is secured by Second Pari Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

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All amounts in Rupees Lakhs, except share data and unless otherwise stated

8. L & T Infrastructure Finance Co. Ltd., has sanctioned a Term Loan for Railway siding Project amounting to Rs.9800 lakhs during the financial year 2012-13, the company has drawn an amount of Rs 4500 lakhs up to 31.03.2014. The loan principal amount is repayable in 27 quarterly installments from June 2015 onwards. The loan was sanctioned with interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. Present rate of interest as on 31.03.14 is 13.25%. The term loan from the bank is secured by Pari Passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company.

9. Term Loan of Rs.2500 lakhs in Indian Rupees was taken from State Bank of India during the year 2012-13 and is repayable in 60 monthly installments from September 2013. As of 31.03.2014 out of 60 installments 7 installments were paid and balance 53 installments are to be paid, 25 lakhs for 1st 21 installments and 56 lakhs for 31 installments & 64 lakhs for Final installment. The interest was fixed at 3.30% above Basic Rate of interest. Present rate of interest as on 31.03.14 is 14.25%. The term loan from the bank is secured by Pari Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri. S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

10. Sales Tax Deferred amount:

The repayment schedule is as under:

(Rs. in Lakhs)

FY 2015-16	**89.79**
FY 2016-17	**218.57**
FY 2017-18	**189.35**
Total	**497.71**

11. Vehicle Loans from various Banks / Financial Institutions are secured by the Hypothecation of Specific assets purchased from those loans and further secured by personal guarantees of Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy Executive Director.

2.4 DEFERRED TAX LIABILITY

Particulars	**31 March 2014**	31 March 2013
Deferred Tax Liabilities	3224.18	4458.34

2.5 OTHER LONG TERM LIABILITIES

Particulars	**31 March 2014**	31 March 2013
Deposits from Dealers	3119.04	2650.19
Unsecured Loans	1812.90	957.90
Sundry Creditors - Capital Goods	1067.03	985.45
Total	**5998.97**	**4593.54**

2.6 LONG TERM PROVISIONS

Particulars	**31 March 2014**	31 March 2013
Provision for Employee Benefits		
Provision for Gratuity	167.74	101.23
Provision for Fuel Surcharge Adjustment	1694.08	505.70
Total	**1861.82**	**606.93**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.7 SHORT TERM BORROWINGS

Particulars	31 March 2014	31 March 2013
1. Cash Credit Loans from Banks (Secured)		
State Bank of Hyderabad	2869.12	2985.12
State Bank of India	2797.71	2604.37
IDBI Bank Ltd	801.42	1018.72
Total	**6468.25**	**6608.21**
2. Bills Discounting	175.97	250.78
Total Short Term Borrowings	**6644.22**	**6858.99**

Cash credit loans from Banks is secured against Stocks of Raw Materials, Finished Goods & Trade Receivables, Stores & Spares, present and future, and by second charge on fixed assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director. The cash credit is repayable on demand and carries interest @ 13% to 14.5%.

2.8 TRADE PAYABLES

Particulars	31 March 2014	31 March 2013
Trade payables	**3546.23**	**5360.94**

Out of the said amount Rs.12.25 lakhs (Previous Year: Rs.17.41 lakhs) pertains to micro, small and medium enterprises as defined under Micro, Small and Medium Enterprises Development Act,2006 based on the information available with the Company. There is no interest payable to such parties as at 31st March 2014.

2.9 OTHER CURRENT LIABILITIES

Particulars	31 March 2014	31 March 2013
1. Current Maturities of Long Term Borrowings		
Andhra Pradesh State Financial Corporation Ltd.	109.20	109.20
State Bank of Hyderabad (STCL)	1200.00	1200.00
State Bank of Hyderabad	0.00	715.09
State Bank of India	0.00	725.96
L & T Finance Ltd.	775.31	395.08
State Bank of India	300.00	175.00
IDBI Bank Ltd.	0.00	1500.00
Total of Term Loans	**2384.51**	**4820.33**
Hire Purchase Loans	331.72	492.00
Sales Tax Deferred Amount	2.90	0.00
Total of Current Maturities on Long Term Borrowings	**2719.13**	**5312.33**

Particulars	31 March 2014	31 March 2013
2. Other Liabilities		
Advances from Customers	1526.30	1351.22
Sundry Creditors for Transport and Other Expenses	3214.87	1907.11
Value added Tax & CST Payable	1231.74	804.92
Excise duty Payable	554.18	51.72
TDS Payable	51.64	45.68
Employee related payables P.F.,ESI & Others	15.72	14.23
Unclaimed dividends	43.43	45.82
Interest Accrued but not Due	77.93	89.03
Others	624.85	337.36
Total Other Liabilities	**7340.66**	**4647.09**
Total Other Current Liabilities	**10059.79**	**9959.42**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.10 SHORT TERM PROVISIONS

Particulars	**31 March 2014**	31 March 2013
Provision for Income Tax	0.00	218.46
Provision for Dividend	0.00	173.88
Provision for Dividend tax	0.00	29.55
Provision for Employee Benefits	177.23	104.71
Others	0.11	0.19
Total	**177.34**	**526.79**

NON CURRENT ASSETS

2.11 FIXED ASSETS (TANGIBLE)

Particulars	**31 March 2014**	31 March 2013
Fixed Assets (Tangible)	53459.91	51349.09
Less: Accumulated Depreciation	19948.86	17291.86
Net Fixed Assets	**33511.05**	**34057.23**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.11 FIXED ASSETS (TANGIBLE)

Particulars	Land	Buildings	Plant and Machinery	Plant and Machinery [DG Sets]	Electrical Installations	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Other Equipment	Total
Cost Or Valuation											
At 1st April 2012	1822.50	8927.67	29775.41	279.67	3927.62	206.88	179.10	389.62	728.05	2847.15	49083.67
Additions	620.04	1018.06	97.47	0.00	0.00	222.96	253.82	30.83	135.08	70.40	2448.66
Disposals	27.66	24.00	0.00	0.00	2.00	0.00	0.00	0.00	126.58	3.00	183.24
At 31st March 2013	**2414.88**	**9921.73**	**29872.88**	**279.67**	**3925.62**	**429.84**	**432.92**	**420.45**	**736.55**	**2914.55**	**51349.09**
Additions	105.46	143.21	1480.83	0.00	0.00	253.61	112.48	8.13	17.28	39.83	2160.83
Disposals	3.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46.89	0.00	50.01
At 31st March , 2014	**2517.22**	**10064.94**	**31353.71**	**279.67**	**3925.62**	**683.45**	**545.40**	**428.58**	**706.94**	**2954.38**	**53459.91**
Depreciation											
At 1st April 2012	0.00	1868.05	8157.26	209.16	1866.89	115.57	90.41	297.70	444.75	1697.32	14747.11
Charge for the year 2012-13	0.00	392.69	1519.06	14.77	278.89	23.54	16.63	30.89	87.82	310.10	2674.39
Disposals	0.00	20.43	0.00	0.00	1.86	0.00	0.00	0.00	105.52	1.83	129.64
At 31st March 2013	**0.00**	**2240.31**	**9676.32**	**223.93**	**2143.92**	**139.11**	**107.04**	**328.59**	**427.05**	**2005.59**	**17291.86**
Charge for the Year 2013-14	0.00	419.20	1535.37	14.62	240.71	86.14	55.95	31.79	79.18	230.44	2693.40
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.40	0.00	36.40
As 31st March 2014	**0.00**	**2659.51**	**11211.69**	**238.55**	**2384.63**	**225.25**	**162.99**	**360.38**	**469.83**	**2236.03**	**19948.86**
Net Block											
At 31st March,2013	**2414.88**	**7681.42**	**20196.56**	**55.74**	**1781.70**	**290.73**	**325.88**	**91.86**	**309.50**	**908.96**	**34057.23**
As 31st March,2014	**2517.22**	**7405.43**	**20142.02**	**41.12**	**1540.99**	**458.20**	**382.41**	**68.20**	**237.11**	**718.35**	**33511.05**

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All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.12 NON CURRENT INVESTMENTS

Particulars	31 March 2014	31 March 2013
Non Trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (Unquoted) - Associate Company		
65,236,399 Equity Shares of Rs.10 each in Vicat Sagar Cement Private Ltd., (March 31, 2013: 65,236,399 Equity Shares)	8600.00	8600.00
26,000 Equity Shares of Rs.10 each in Panchavati Polyfibres Ltd., (March 31, 2013: 26,000 Equity Shares)	2.60	2.60
Investment in equity instruments (Unquoted) - Others		
500 Equity Shares of Rs.10 each in PCL Financial Services Ltd., (March 31, 2013: 500 Equity Shares)	0.05	0.05
Total	**8602.65**	**8602.65**

2.13 LONG-TERM LOANS & ADVANCES

Particulars	31 March 2014	31 March 2013
Unsecured considered good		
Capital Advances		
Advance for Land	16.83	21.98
Advances to Capital goods	1285.85	840.04
Total of Capital Advances	**1302.68**	**862.02**
Security Deposits		
Securities Considered Good		
Deposits with APSEB	1119.28	969.26
Total of Security Deposits	**1119.28**	**969.26**
Other Loans & Advances		
Rental Deposit	40.50	40.50
Deposit with South Central Railways and Suppliers	50.00	50.00
Total of Loans & Advances	**90.50**	**90.50**
Deposits in disputed cases		
Fuel Surcharge Adjustment paid under protest	1694.08	505.70
Advance to Central Excise	195.00	195.00
Deposits with APSEB	108.02	108.02
APGST Paid Under protest	78.68	35.45
CENVAT Paid under protest	3.84	3.84
Deposits with Road Transport Authority	6.59	6.59
Total Advance Paid under Protest	**2086.21**	**854.60**
Total	**4598.67**	**2776.38**

2.14 INVENTORIES (Valued at lower of cost and net realisable value)

Particulars	31 March 2014	31 March 2013
Raw materials	207.69	392.67
Work in Progress	568.20	705.06
Finished goods	662.51	649.21
Stores	1916.42	1833.01
Packing Materials	166.02	334.87
Coal	425.05	2033.48
Goods in Transit		
Coal	227.39	566.24
Raw materials	4.14	7.55
Fly Ash	0.12	0.00
Total	**4177.54**	**6522.09**

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All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.15 TRADE RECEIVABLES

Particulars	31 March 2014	31 March 2013
Debtors outstanding for a period exceeding six months		
Secured, considered good	78.58	66.63
Unsecured, considered good	433.90	366.37
Total	**512.48**	**433.00**
Debtors outstanding for a period less than six months		
Secured, considered good	1954.32	2260.91
Unsecured, considered good	2381.61	2635.64
Total	**4335.93**	**4896.55**
Total Trade Receivables	**4848.41**	**5329.55**

2.16 CASH & CASH EQUIVALENTS

Particulars	31 March 2014	31 March 2013
Cash in Hand	23.05	13.26
Cash at Banks	36.96	307.70
Gold Coins at cost	2.32	2.32
On Dividend accounts	43.42	45.82
Deposits with Banks	351.28	2090.98
Total	**457.03**	**2460.08**

2.17 SHORT TERM LOANS AND ADVANCES

Particulars	31 March 2014	31 March 2013
Advances to Suppliers	472.60	994.85
Advances to Others	251.18	180.99
Deposits with Suppliers	365.65	638.72
Balances with Income Tax Authorities	1360.59	1600.69
Central Excise & Cenvat & Service Tax Receivable	178.93	195.24
Total	**2628.95**	**3610.49**

2.18 OTHER CURRENT ASSETS

Particulars	31 March 2014	31 March 2013
Incentives Receivable from A.P Government	3415.75	3289.39
Other Current Assets	251.67	237.04
Excise Duty Refund Receivable	235.51	235.51
Total	**3902.93**	**3761.94**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.19 REVENUE FROM OPERATIONS

Particulars	31 March 2014	31 March 2013
Sale of Products	56109.56	63904.03
Less: Excise Duty	7215.73	8052.48
Net Sales	**48893.83**	**55851.55**

Particulars	31 March 2014	31 March 2013
Sale of Products including taxes on sale	63071.16	72120.29
Less: Taxes On Sale	6961.60	8216.26
Sale of Products	**56109.56**	**63904.03**

2.20 OTHER INCOME

Particulars	31 March 2014	31 March 2013
Interest Income & Rent received	114.59	99.08
Dividend Income	0.52	0.52
Net gain on sale of Assets	116.03	426.01
Insurance Claims	7.11	0.00
Incentives from A.P Govt. under Industrial Policy 2005-10	1499.52	2076.92
Sale of scrap & Others etc	40.13	0.42
Other income	3.72	0.00
Total	**1781.62**	**2602.95**

2.21 COST OF MATERIAL CONSUMED

Particulars	31 March 2014	31 March 2013
Raw materials Inventory at the Beginning of the year	392.66	196.74
Add: Purchases	5043.16	5581.60
Total	**5435.82**	**5778.34**
Less: Inventory at the end of the year	207.70	392.66
Cost of Raw materials consumed	**5228.12**	**5385.68**
Details of Raw materials consumed		
Limestone	2248.66	2430.33
Laterite	536.70	662.75
Iron ore/Iron ore sludge	781.66	230.05
Mill-scale	4.04	247.73
Gypsum	837.74	1004.85
Fly Ash	819.32	809.97
Total	**5228.12**	**5385.68**
Details of Inventory		
Laterite	93.56	68.78
Iron ore/Iron ore sludge	31.03	275.29
Gypsum	78.79	45.47
Fly Ash	4.32	3.12
Total	**207.70**	**392.66**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	31 March 2014	31 March 2013
Closing stock of Work in Progress	568.20	705.06
Closing stock of Finished goods	662.51	649.21
Total	**1230.71**	**1354.27**
Opening stock of Work in Progress	705.06	1475.36
Opening stock of Finished goods	649.21	452.68
Total	**1354.27**	**1928.04**
(Increase)/Decrease in stocks	123.56	573.77
Adjustment of Excise duty On stocks	3.71	1.42
Net (Increase)/Decrease in stocks	**127.27**	**575.19**

2.23 OTHER MANUFACTURING EXPENSES

Particulars	31 March 2014	31 March 2013
Coal consumed	11054.17	13326.71
Power	8774.47	7755.11
Packing Material	2787.12	2721.59
Stores & spares consumed	1631.10	1616.83
Repairs & Maintenance Plant & Machinery	886.51	903.13
Repairs & Maintenance Buildings	45.08	57.09
Repairs & Maintenance Vehicles	16.44	14.68
Repairs & Maintenance Others	24.64	118.85
Colony Maintenance	31.43	27.39
Vehicle Maintenance	21.62	28.91
Total	**25272.58**	**26570.29**

2.24 EMPLOYEE BENEFIT EXPENSES

Particulars	31 March 2014	31 March 2013
Salaries, Wages, Bonus & Allowances	2197.58	1990.37
Contribution to Provident Fund & Other Funds	125.37	116.49
Staff welfare expenses	208.32	196.54
Total	**2531.27**	**2303.40**

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.25 OTHER EXPENSES

Particulars	**31 March 2014**	31 March 2013
Transportation paid	10585.56	10900.77
Selling expenses	4071.94	4941.62
Security services	66.21	64.43
Administrative expenses	225.96	228.16
Legal, Consultancy & Professional expenses	124.68	103.99
Payments to auditors (refer details below)	9.86	9.29
Insurance	124.78	115.39
Travelling and Conveyance	122.80	163.34
Rent Paid	165.14	149.02
Rates, Taxes & Licenses	45.51	48.25
Donations	23.61	45.85
Incentives excess provision written off	0.00	12.44
Other Expenses	37.22	15.24
Total	**15603.27**	**16797.79**

PAYMENT TO AUDITORS		
Internal Audit Fees	2.40	2.00
Internal Audit Expenses	0.43	0.24
Audit Fees	5.00	5.00
Cost Audit Fees	2.00	2.00
Reimbursement of Cost Audit Expenses	0.03	0.05
Total Payment to Auditors	**9.86**	**9.29**

2.26 FINANCE COST

Particulars	**31 March 2014**	31 March 2013
Interest		
on Term Loans	1183.27	1379.93
on Working Capital Loans	917.80	995.57
Sub-Total : Interest	**2101.07**	**2375.50**
Bank charges & Others	853.67	679.88
Total Finance Cost	**2954.74**	**3055.38**

2.27 EARNINGS PER SHARE

Particulars	**31 March 2014**	31 March 2013
1. Net Profit / (Loss) for the period	-2558.11	877.98
Shares		
Number of shares at the beginning of the period	17388014	17388014
Number of shares at the end of the period	17388014	17388014
1. Earnings per share Rs.		
Basic	-14.71	5.05
Diluted	-14.71	5.05

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All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.28 CONTINGENT LIABILITIES

Particulars	31 March 2014		31 March 2013	
	Disputed Amount	Paid Under Protest	Disputed Amount	Paid Under Protest
AP TRANSCO Voltage surcharge and grid supporting charges (Refer Note 1)	173.50	108.00	173.50	108.00
Demand by Sales tax authorities year 2009-10-Sale of Fixed Assets (Refer Note 2)	109.40	27.40	109.40	27.40
Demand by Sales Tax authorities year 1999-2000-Interest on delayed payment (Refer Note 3)	19.60	4.90	19.60	4.90
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note 4)	225.00	195.00	225.00	195.00
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note 5)	650.80	0.00	650.80	0.00
Demand by Road Transport Authority, Nalgonda for payment of Life Tax on dumpers used in the mines (Refer Note No. 6)	28.50	3.20	28.50	3.20
Demand Raised by Central Excise Department (Refer Note No. 7)	59.41	0.00	59.41	0.00
Demand Raised by Central Excise Department (Refer Note No. 8)	146.30	0.00	146.30	0.00
Demand Raised by Central Excise Department (Refer Note No.9)	7.67	3.84	7.67	3.84
Disallowed input tax credit on sales made to SEZ units for the year 2010-11.(Refer Note No. 10)	6.29	0.00	0.00	0.00
Disallowed input tax credit on steel during the year 2007-08. (Refer Note No. 11)	144.25	18.03	0.00	0.00
Disallowed input tax credit on steel during the year 2008-09. (Refer Note No. 12)	75.68	9.46	0.00	0.00
Demand raised by Commissioner of Customs Visakhapatnam, relating to coal classification. (Refer Note No. 13)	67.92	0.00	0.00	0.00
Demand raised by Commissioner of Customs Guntur, relating to coal classification. (Refer Note No. 14)	54.75	0.00	0.00	0.00
Disallowance of Expenditure U/s 14A (Refer Note No. 15)	37.60	0.00	75.29	0.00

1 APTRANSCO had raised a demand of Rs.173.50 lakhs towards voltage surcharge and grid supporting charges and the company has paid Rs.108.00 lakhs under protest. The said demand is contested by the company and the matter is pending before the Division Bench of the Honorable High Court of Andhra Pradesh.

2 In the year 2009-10, Sales Tax Authorities raised a demand for Rs.109.40 lakhs in respect of tax on sale of fixed assets. The company has paid an amount of Rs. 27.40 lakhs and contested before the Sales Tax Appellate Tribunal.

3 Demand raised by the Sales Tax Authorities for a sum of Rs.19.60 lakhs towards interest U/s.16(3) of the APGST Act, on delayed payment of tax for the AY 1999-2000. The company filed an appeal with Sales Tax Appellate Tribunal by paying an amount of Rs.4.90 lakhs.

4 The Excise Department had raised a demand of Rs.225.00 lakhs denying the benefit of Cenvat credit on dumpers used in captive mines. The company has paid an amount of Rs.195 lakhs under protest and filed an appeal with CESTAT, Bangalore. Matter is pending before CESTAT.

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All amounts in Rupees Lakhs, except share data and unless otherwise stated

5 The Excise Department had raised a demand of Rs.650.80 lakhs denying the Cenvat credit on MS Steel, Cement, TMT bars etc., used in expansion. The company has contested the same before CESTAT who in turn demanded 50% of the aforesaid amount i.e. Rs.325.40 lakhs to be paid. The company went for an appeal before AP High Court. The AP High Court has granted interim stay order.

6 Show Cause Notice has been received from the RTA, Nalgonda demanding Life Tax on dumpers purchased during year 2006 – 2010 and used in the captive mines. The matter is contested and pending in the Honorable High Court of Andhra Pradesh.

7 Additional Director General Intelligence Hyderabad has issued a Show Cause Notice No.26/2012(OR Mo.53/2012) dated 27-03-13 for an amount of Rs.59.41 lakhs and an equal amount of penalty along with interest on the ground that cement has been cleared to the contractors at a rate which is lesser than the price at which the cement was sold in the normal course of transaction, resulting into a short payment of Central excise duty. Matter is pending before CESTAT Bangalore.

8 The Commissioner of Central Excise, Customs and Service Tax, Hyderabad III Commissionerate has raised a Demand for Rs.136.30 lakhs along with interest and also imposed a penalty Rs.10.00 lakhs on the ground that the Company has availed Cenvat Credit against Service Tax paid on the freight charges incurred for the transportation of cement beyond the place of removal during the period from July 2008 to February 2011. Matter is pending before CESTAT Bangalore.

9 The Commissioner (Appeals) of Central Excise, Customs and Service Tax has disallowed CENVAT credit of Rs.7.67 lakhs availed during the period from December 2006 to March 2010 on the ground that Cenvat Credit had been availed on Input Services such as Advertisement, Audit and Telephone telex services used in relation to the trading activity which did not have any nexus with the manufacturing activity. An amount Rs.3.84 lakhs has been deposited by the company under protest and an appeal has been filed before CESTAT, Bangalore in this regard.

10 Input tax credit on sales made to SEZ units during the year 2010-11 amounting to Rs.6.29 lakhs has been disallowed. Interim stay was granted by AP High court. Final hearing is pending before the AP High Court.

11 Input tax credit on steel, MS Angles, etc. taken at the time of factory expansion during the year 2007-08 has been disallowed by the Commercial Tax authorities. Demand was raised for an amount of Rs.144.25 lakhs. An amount of Rs.18.03 lakhs have been paid in order to maintain the appeal. Matter is pending before Appellate Deputy Commissioner Tribunal.

12 Input tax credit on steel, MS Angles, etc. taken at the time of factory expansion during the year 2008-09 has been disallowed by the Commercial Tax authorities. Demand was raised for an amount of Rs.75.68 lakhs. An amount of Rs.9.46 lakhs have been paid in order to maintain the appeal. Matter is pending before Appellate Deputy Commissioner Tribunal.

13 Commissioner of Customs Visakhapatnam has served a demand order on the ground that imported coal was wrongly classified under steam coal instead of bituminous coal. Demand was raised for an amount of Rs.67.92 lakhs. The company has filed an appeal before CESTAT Bangalore against the said order.

14 Commissioner of Customs Guntur has served a show cause notice on the ground that imported coal was wrongly classified under steam coal instead of bituminous coal. Demand was raised for an amount of Rs. 54.75 lakhs. The matter is pending before Commissioner (Appeals).

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15 The Deputy Commissioner of Income Tax Circle-1(1), Hyderabad has disallowed an amount of Rs.37.60 lakhs under Section 14A (Disallowance of expenditure incurred in relation to income which is not included in the total income) claimed as expenditure during the assessment years from 2008-09 to 2010-11 on account of Interest paid on term loans to Financial Institutions. In this regard an appeal is being filed by the company with Appellate Tribunal.

16 Bank Guarantees Pending as on 31.03.14 Rs.418.50 lakhs (Previous year Rs. 376.93 lakhs).

2.29 APTRANSCO has raised a demand of Rs.21.59 crores, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years. Out of which, the company has paid an amount of Rs.16.94 crores up to 31.3.2014. The company has filed Writ Petition with High Court of Andhra Pradesh. The matter is still pending before the High Court as on 31.03.2014

2.30 The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are given below:

a) **Reconciliation of opening & closing balance of Defined benefit obligation**

Description	**31 March 2014**		31 March 2013	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Defined benefit obligation at the beginning of the year	381.87	72.91	294.85	31.80
Current service cost	53.88	22.38	44.15	41.10
Interest cost	31.31	5.98	25.36	2.74
Actuarial (gain) / loss	5.42	61.58	40.55	52.90
Benefits paid	(10.21)	(67.56)	(23.04)	(55.63)
Defined benefit obligation at the year	462.27	95.29	381.87	72.91

b) **Reconciliation of opening and closing balances of fair value of plan assets**

Description	**31 March 2014**		31 March 2013	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets at the beginning	280.64		171.61	-
Expected return on plan assets	24.10		20.17	-
Actuarial gain / (loss)	-	-		-
Employer contribution	0.00	-	111.90	-
Benefits paid	(10.21)	-	(23.04)	-
Fair value of plan asset at the year end	294.53	-	280.64	-

c) **Reconciliation of fair value of assets and obligations**

Description	**31 March 2014**		31 March 2013	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets as at 31st March, 2014	294.53		280.64	
Present value of obligations as at 31st March, 14	462.27	95.29	381.87	72.91
Amount recognized in the Balance sheet	(167.74)	(95.29)	(101.23)	(72.91)

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

d) **Expenses recognized during the year**

Description	31 March 2014		31 March 2013	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	53.88	22.38	44.16	41.10
Interest cost	31.31	5.98	25.36	2.74
Expected return on plan assets	(24.10)		(20.17)	-
Actuarial (gain) / loss	5.41	61.58	40.55	52.90
Net cost	66.50	89.94	89.90	96.74

Investment details: 100% invested in LIC Group gratuity (cash accumulation policy)

Actuarial assumptions

a) Mortality table (LIC) 1994-96 (ultimate)
b) Discounting rate – 8.20 %
c) Expected rate of return on plan asset – 9.25%
d) Expected average remaining working lives of employees–18 Years
e) Rate of escalation in salary – 5 %

2.31 As required by Accounting Standards AS 18, the related parties' disclosure issued by the Institute of Chartered Accountants of India is as follows:

Related Party Disclosures:

Names of related parties and description of relationship:

S.No	Particulars	
1	Associates	Vicat Sagar Cement Private Limited
2	Key Management Personnel	a. Shri S.Veera Reddy, Managing Director b. Dr.S.Anand Reddy, Joint Managing Director c. Shri S.Sreekanth Reddy, Executive Director
3	Enterprise where key managerial personnel along with their relatives exercise significant influence	a. Panchavati Polyfibres Ltd. b. Sagar Power Limited c. RV Consulting Services Pvt. Ltd. d. Sagar Priya Housing & Industrial Enterprises Ltd. e. Sagar Soft (India) Ltd. f. Smt S.Vanajatha

Transactions with related parties during the year ended March 31, 2014

Nature of Transaction	Key Management Personnel	Enterprise where key managerial personnel along with their relatives exercise significant influence	Balance as on 31.03.2014
Purchase of power from Sagar Power Ltd.		1381.12	464.81
Remuneration to Directors: 1. Sri S.Veera Reddy, Managing Director 2. Dr.S.Anand Reddy, Joint Managing Director 3. Sri S.Sreekanth Reddy, Executive Director	 24.00 48.00 41.54		
Rent Payments: 1. Dr.S.Anand Reddy, Joint Managing Director 2 Sri S.Sreekanth Reddy, Executive Director 3 Smt.S.Vanajatha	 27.00 27.00 	 27.00	
Purchase of Bags from Panchavati Polyfibres Limited.		2715.70	603.83
Dividend received from Panchavati Polyfibres Limited.		0.52	
Loan taken from RV Consulting Services Pvt. Ltd.		855.00	1413.00
Interest on loan paid to RV Consulting Services Pvt. Ltd.		135.96	48.28
Consultancy charges paid to RV Consulting Services Pvt.Ltd.		100.00	0.00

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2.32 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	31 March 2014	31 March 2014	31 March 2013	31 March 2013
Raw Materials	% of Total Consumption	Value of Consumption	% of Total Consumption	Value of Consumption
Imported	0	0	0	0
Indigenous	100	5228	100	5385
Total	**100**	**5228**	**100**	**5385**
Spare Parts				
Imported	5.54	89.84	1.03	16.66
Indigenous	94.46	1532.58	98.97	1595.05
Total	**100.00**	**1622.42**	**100.00**	**1611.71**

2.33 CAPITAL COMMITMENTS

Particulars	31 March 2014	31 March 2013
Estimated amount of Contracts remaining to be executed on capital account	**3071.94**	**5393.02**

2.34 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2014	31 March 2013
Components, Spare parts, Capital Items and Others	64.52	588.11
Total	**64.52**	**588.11**

2.35 EXPENDITURE IN FOREIGN CURRENCY

Particulars	31 March 2014	31 March 2013
Travelling	6.03	18.35
Total	**6.03**	**18.35**

2.36 Dividend Remittance in Foreign Currency

Particulars	31 March 2014	31 March 2013
Number of shares on which dividends were remitted	1,000,000	1,000,000
Amount Remitted (Rs. in Lakhs)	1.00	3.00
Period to which dividend payment relates	Year ended March 31, 2013	Year ended March 31, 2012

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
13th May, 2014

For and on behalf of the Board

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Asst.Vice President (Finance)

R.Soundararajan
Company Secretary

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII read with Schedule XVIII of the ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the ICDR Regulations and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by

Sd/-

Sammidi Veera Reddy
Managing Director

Signed by	Signed by
Sd/-	Sd/-
Dr. S. Anand Reddy Joint Managing Director	**S. Sreekanth Reddy** Executive Director

Date: February 7, 2017
Place: Hyderabad

DECLARATION IN ACCORDANCE WITH FORM PAS - 4

We the Board of Directors of the Company certify that:

a. the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

b. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

c. the monies received under the offer shall be used only for the purposes and objects indicated in the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by

Sd/-

Sammidi Veera Reddy
Managing Director

Signed by

Sd/-

Dr. S. Anand Reddy
Joint Managing Director

Signed by

Sd/-

S. Sreekanth Reddy
Executive Director

I am authorized by the Securities Allotment Committee of the Board of Directors of the Company vide resolution dated February 7, 2017 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by

Sd/-

Sammidi Veera Reddy
Managing Director

Date: February 7, 2017
Place: Hyderabad

ISSUER

SAGAR CEMENTS LIMITED

REGISTERED OFFICE OF THE ISSUER

Plot No.111, Road No.10
Jubilee Hills, Hyderabad – 500 033
Telangana, India
Tel: +91 – 40 – 2335 1571; **Fax:** +91 – 40 – 2335 6573
Website: www.sagarcements.in; **Email:** info@sagarcements.in
CIN: L26942TG1981PLC002887

ADDRESS OF THE COMPLIANCE OFFICER

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Plot No.111, Road No.10
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Telangana, India
Tel: +91 – 40 – 2335 1571; **Fax:** +91 – 40 – 2335 6573
Email: soundar@sagarcements.in

GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGERS

ANAND RATHI ADVISORS LIMITED	**YES SECURITIES (INDIA) LIMITED**
10th Floor, Trade D Senapati Bapat Marg Kamla City, Lower Parel Mumbai – 400 013 Maharashtra, India	IFC, Tower 1 & 2 Unit no. 602 A, 6th Floor Senapati Bapat Marg, Elphinstone Road Mumbai – 400 013 Maharashtra, India

DOMESTIC LEGAL ADVISOR TO THE ISSUE	**INTERNATIONAL LEGAL ADVISOR AS TO SELLING AND TRANSFER RESTRICTIONS**
M/s. Crawford Bayley & Co. State Bank Buildings, 4th Floor N.G.N. Vaidya Marg, Fort Mumbai – 400 023 Maharashtra, India	**Clyde & Co** 58th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants
1 – 8 – 384 & 385, 3rd Floor
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Begumpet, Secunderabad – 500 003
Telangana, India
Firm’s Registration Number: 008072S