

SAGAR CEMENTS
35th
ANNUAL REPORT
2015 - 2016



SAGAR CEMENTS LIMITED



Board of Directors	2
Notice	3
Directors' Report and its Annexures	22
Report on Corporate Governance	46
Independent Auditors' Report	62
Balance Sheet	68
Statement of Profit & Loss	69
Cash Flow Statement	70
Significant Accounting Policies	72
Notes to Financial Statements	76
Independent Auditors' Report on consolidated financial statements	93
Consolidated Balance Sheet	96
Consolidated Statement of Profit & Loss	97
Consolidated Cash Flow Statement	98
Consolidated Notes to Financial Statements	100
Attendance Slip and Proxy Form	123



CORPORATE DETAILS

BOARD OF DIRECTORS

Shri O.Swaminatha Reddy	Chairman – Independent & Non-Executive
Shri S.Veera Reddy	Managing Director
Dr.S.Anand Reddy	Joint Managing Director
Shri S.Sreekanth Reddy	Executive Director
Mrs.S.Rachana	Non Executive Director
Shri K.Thanu Pillai	Independent & Non Executive
Shri V.H.Ramakrishnan	Independent & Non Executive
Shri John-Eric Fernand Pascal Cesar Bertrand	Non Executive
Shri K.Rajendra Prasad	APIDC Nominee

COMPANY SECRETARY

Shri R.Soundararajan

CHIEF FINANCIAL OFFICER

Shri K.Prasad

SENIOR MANAGEMENT TEAM

Corporate Office:

Shri M.S.A.Narayana Rao	Group President
Shri M.V.Subba Rao	Senior Vice President
Shri K.Ganesh	President (Projects)
Shri P.S.Prasad	President (Marketing)
Shri O.Anji Reddy	Vice President (Electrical & Instrumentation)
Shri K.V.Ramana	Vice President (Mines)

Site:

Shri P.Vasudeva Reddy	Vice President (Works)
Shri M.V.Ramana Murthy	Asst.Vice President (Production & QC)

AUDITORS

M/s.Deloitte Haskins & Sells
Chartered Accountants (FR NO.008072S)
1-8-384 & 385, 3rd Floor, Gowra Grand
S.P.Road, Begumpet, Secunderabad-500 003

COST AUDITORS

M/s.Narasimha Murthy & Co.,
Cost Accountants (FR No.000042)
104, Pavani Estates, Y.V.Rao Mansion,
Himayathnagar, Hyderabad – 500 029

BANKERS

State Bank of Hyderabad
State Bank of India
IDBI Bank Limited

REGISTERED OFFICE

Plot No.111, Road No.10, Jubilee Hills
Hyderabad-500 033. Tel: 040 – 23351571, Fax: 040 - 23356573
website: www.sagarcements.in, e-mail: info@sagarcements.in

CORPORATE IDENTITY NUMBER

L26942TG1981PLC002887

PLANTS

Mattampally, Via Huzurnagar Nalgonda District, Telangana 508 204 Tel: 08683 – 247039	Pedaveedu, Via Huzurnagar Nalgonda District, Telangana 508 204 Tel.08683 – 216533 / 247333
--	--



SAGAR CEMENTS LIMITED
(CIN : L26942TG1981PLC002887)

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Members of Sagar Cements Limited will be held on **Wednesday the 28th September 2016 at 4.00 p.m.** at Hotel Golkonda, Masab Tank, Hyderabad – 500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2016 together with the Reports of the Directors and Auditors thereon and the audited Consolidated Financial Statement for the year ended 31st March 2016 together with the Report of the Auditors thereon and in this regard to pass the following resolution as an ordinary resolution.

“Resolved that the audited Financial Statements of the Company for the year ended 31st March 2016 together with the reports of the auditors and directors thereon and the audited Consolidated Financial Statements of the Company for the year ended 31st March 2016 together with the report of the auditors thereon be and are hereby received, considered, approved and adopted.

2. To approve the interim dividend already paid @ Rs.5/- per share on the equity shares of the company for the financial year ended 31st March, 2016 and confirm the same as the Final Dividend for the said year and in this regards to pass the following resolution as an ordinary resolution.

“Resolved that the interim dividend of Rs.5/- per share already paid on the 1,73,88,014 equity shares of Rs.10/- each of the company for the year ended 31st March 2016 be and is hereby approved and the same be and is hereby confirmed as the final dividend for the said year.

3. To appoint a director in the place of Dr.S Anand Reddy (DIN: 00123870), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an ordinary resolution.

“Resolved that Dr.S.Anand Reddy (DIN: 00123870) who retires by rotation in accordance with section 152 of the Companies, Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

4. To appoint a director in the place of Shri John-Eric Fernand Pascal Cesar Bertrand (DIN: 06391176), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an ordinary resolution.

“Resolved that Shri John-Eric Fernand Pascal Cesar Bertrand (DIN: 06391176) who retires by rotation in accordance with section 152 of the Companies, Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

5. Ratification of appointment of Auditors.

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

“Resolved that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the Company hereby ratifies the appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No.0080725), as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 36th Annual General Meeting of the Company to be held in the year 2017, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the said Auditors.”

SPECIAL BUSINESS

6. **Reappointment of Shri S.Veera Reddy as Managing Director.**

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

“RESOLVED THAT in accordance with Sec.196, 197 and other applicable provisions of the Companies Act, 2013 as amended or re-enacted from time to time, read with its Schedule V and subject to approvals, if any, as may be required from the Central Government, Financial Institutions and other authorities concerned, approval be and is hereby



accorded to the re-appointment of Shri S.Veera Reddy (DIN: 00123833) as Managing Director of the Company, for a period of three years with effect from 13th July 2016 on the following terms:

Tenure	Three years with effect from 13.07.2016
Salary	Rs.8,00,000/- p.m.
Perquisites	In addition to the salary, the Managing Director (MD) will be eligible for perks and allowances subject to a maximum of 75% of salary and these may include: Provision for 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 fee etc. Valuation of the above perquisites and allowances will be as per the Income Tax Act, 1961 and rules made thereunder and in the absence of any such rules, these perquisites and allowances will be valued at cost.
Other benefits	The Managing Director will be eligible for contribution to P.F., Superannuation Fund or Annuity 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 (Board) or a Committee thereof with reference 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.
Other Terms	
Nature of Duties	The MD shall devote his time and attention to the business of the company and, subject to the superintendence, control and directions of the Board, perform such duties and exercise such powers as may be entrusted/assigned to him by the Board from time to time in connection with and in the best interest of the company and the business of its subsidiary company, including performing duties as assigned to him from time to time by serving on the Board of the subsidiary company or any other executive body or any committee of such company.
Termination of appointment	The appointment may be terminated by either party giving to the other party six month notice of such termination.

Resolved Further that in the event of loss or inadequacy of profits in any financial year during the tenure of Shri S.Veera Reddy as Managing Director, the above said remuneration be paid to him as the minimum remuneration, restricting it to the limit mentioned in the Section II (A) of Part II of Schedule V to the Companies Act 2013.

Resolved Further that the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

7. Re-appointment of Dr.S.Anand Reddy as Joint Managing Director.

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with Sec.196, 197 and other applicable provisions of the Companies Act, 2013 as amended or re-enacted from time to time, read with its Schedule V and subject to approvals, if any, as may be required from the Central Government, Financial Institutions and other authorities concerned, approval be and is hereby accorded to the re-appointment of Dr.S.Anand Reddy (DIN: 00123870) as a Whole-time director with the designation as Joint Managing Director of the Company, for a period of three years with effect from 21st November 2015 on the following remuneration:

Tenure	Three years with effect from 21.11.2015
Salary	Rs.6,00,000/- p.m.
Perquisites	In addition to salary, he will be eligible for perks and allowances subject to a maximum of 75% of salary and these may include:



	Provision for 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 fee etc.
	Valuation of the above perquisites and allowances will be as per the Income Tax Act, 1961 and rules made thereunder and in the absence of any such rules, these perquisites and allowances will be valued at cost.
Other benefits	The Joint Managing Director (JMD) will be eligible for contribution to P.F., Superannuation Fund or Annuity 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 (Board) or a Committee thereof with reference 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.
Other Terms	
Nature of Duties	The JMD shall devote his time and attention to the business of the company and perform such duties and exercise such powers as may be entrusted/assigned to him by the Managing Director and or by the Board from time to time, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company and the business of its subsidiary company, including performing duties as assigned to him from time to time by serving on the Board of the subsidiary company or any other executive body or any committee of such company.
Termination of appointment	The appointment may be terminated by either party giving to the other party six month notice of such termination.

Resolved Further that in the event of loss or inadequacy of profits in any financial year during the tenure of Dr.S.Anand Reddy as Joint Managing Director, the above said remuneration be paid to him as the minimum remuneration, restricting it to the limit mentioned in the Section II (A) of Part II of Schedule V to the Companies Act 2013.

Resolved Further that the Board of Directors of the Company or a committee thereof be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

8. Reappointment of Shri S.Sreekanth Reddy as Executive Director.

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with Sec.196, 197 and other applicable provisions of the Companies Act, 2013 as amended or re-enacted from time to time, read with its Schedule V and subject to approvals, if any, as may be required from the Central Government, Financial Institutions and other authorities concerned, approval be and is hereby accorded to the re-appointment of Shri S.Sreekanth Reddy (DIN: 0123889) as a Whole-time director with the designation as Executive Director of the Company, for a period of three years with effect from 26th June 2016 on the following remuneration:

Tenure	Three years with effect from 26.06.2016
Salary	Rs.5,00,000/- p.m.
Perquisites	In addition to salary, he will be eligible for perks and allowances subject to a maximum of 75% of salary and these may include: Provision for 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 fee etc. Valuation of the above perquisites and allowances will be as per the Income Tax Act, 1961 and rules made thereunder and in the absence of any such rules, these perquisites and allowances will be valued at cost.



Other benefits	The Executive Director (ED) will be eligible for contribution to P.F., Superannuation Fund or Annuity 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 (Board) or a Committee thereof with reference 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.
Other Terms	
Nature of Duties	The ED shall devote his time and attention to the business of the company and perform such duties and exercise such powers as may be entrusted/assigned to him by the Managing Director and or by the Board from time to time, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company and the business of its subsidiary company, including performing duties as assigned to him from time to time by serving on the Board of the subsidiary company or any other executive body or any committee of such company.
Termination of appointment	The appointment may be terminated by either party giving to the other party six month notice of such termination.

Resolved Further that in the event of loss or inadequacy of profits in any financial year during the tenure of Shri S.Sreekanth Reddy as Executive Director, the above said remuneration be paid to him as minimum remuneration, restricting it to the limit mentioned in the Section II (A) of Part II of Schedule V to the Companies Act 2013.

Resolved Further that the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

9. To ratify the remuneration payable to the Cost Auditors and in this regard to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"Resolved that pursuant to Section 148(3) and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the payment of remuneration of Rs.2,50,000/- excluding reimbursement of actual travel and out of pocket expenses and applicable taxes to M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad, the Cost Auditors (Firm Registration No.000042), to conduct the audit of the cost records of the company for the financial year ending March 31, 2017."

"Resolved Further that the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. To fix the fee chargeable for serving documents through any particular mode as may be specified by a member and in this regard to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution.

"Pursuant to Section 20 of the Companies Act, 2013 it is hereby resolved to collect from every member of the Company who makes a specific request to the company to send any documents to him through a particular mode, a fee in advance as may be determined by the Board of Directors or a Committee thereof or the Registrars and Share Transfer Agents of the Company to cover the expenses involved in delivering the said documents through the mode indicated by the member."

By Order of the Board of Directors

Hyderabad
27th July, 2016

R.Soundararajan
Company Secretary

Registered Office:
Plot No.111, Road No.10
Jubilee Hills, Hyderabad – 500 033, Telangana.



Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the business under Items No.5 to 10 in the Notice is given in the Annexure-1, which forms part of this Notice.
2. The details required to be given under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of the persons seeking re-appointment as directors are given in the Annexure-2.
3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the said proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the company, duly completed and signed, not less than forty eight hours before the commencement of the meeting.
4. A person can act as a proxy on behalf of members upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such proxy shall not act as a proxy for any other person or member.
5. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR Code and IFSC Code, mandates, nominations, power of attorney, change of address, change of name, email address, contact numbers etc to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records. Similarly, Members holding their shares in physical form are requested to inform the above changes to the Company or its Registrar and Share Transfer Agents (RTA), M/s.Karvy Computershare Private Limited (Karvy).
7. To promote green initiative, members are requested to register their e-mail address through their Depository Participants for sending future communications to them by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.
8. Electronic copy of the Annual Report is being sent to all the members whose e-mail IDs are registered with the Company's RTA/Depository Participants, unless such members have requested for a hard copy of the same. For members, who have not yet registered their e-mail address, physical copies of the Annual Report are being sent through the permitted mode.
9. The Register of Members and Share Transfer Books of the Company will remain closed during the period from 22nd September, 2016 to 28th September, 2016 (both days inclusive) for the purpose of determining members eligible for participation in voting on the resolutions contained in the Notice of AGM.
11. The un-claimed dividends for the financial year ended 31st March, 1996 onwards and up to the financial year ended 31st March, 2008 (Final) were duly transferred to the Investors Education and Protection Fund (IEPF) set up by the Government of India in accordance with the Companies Act as applicable at the time of such transfer. No claim is entertained against the IEPF or the Company for the amount so transferred.
12. Members who have not yet encashed their dividend warrants in respect of the dividend declared for subsequent years as detailed below are requested to make their claims to the Company. The details of dividend lying un-claimed in respect of these years are available in the Company's website. www.sagarcements.in.

Year	Nature of Dividend	Rate of Dividend
2008-09	Final	25%
2009-10	Final	25%
2010-11	Final	20%
2011-12	Final	30%
2012-13	Final	10%
2014-15	Interim	50%
2014-15	Final	25%
2015-16	Interim	50%

13. Members may note that the Annual Report for 2015-16 is also available on the Company's website www.sagarcements.in for their download.



14. Voting through Electronic Means

Pursuant to Section 108 of the Companies Act, 2013, read with its relevant Rules and the Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (Remote e-voting) for all the Resolutions proposed to be passed at the AGM. The Members, whose names appear in the Register of Members/ list of Beneficial Owners as on **21st September, 2016**, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence **at 9.00 a.m. on 24th September, 2016, and will end at 5.00 p.m. on 27th September, 2016**. The Company has appointed B S S & Associates, Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the 'Scrutinizer', to scrutinize the e-voting process and voting through ballot in a fair and transparent manner. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

PROCEDURE AND INSTRUCTIONS FOR e-VOTING

- I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/ Depository Participants (s)]:
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., "Sagar Cements Limited".
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email bssass99@gmail.com



with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate **Name_Event No.**”

- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
 - Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however these Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote cast at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

- In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr.P.Srikrishna (Unit: Sagar Cements Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1800-3454-001 for any further clarifications.
- You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- The remote e-voting period commences on 24th September, 2016 (9.00 A.M. IST) and ends on 27th September, 2016 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2016, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 21st September, 2016.
- In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 21st September, 2016, he/she may obtain the User ID and Password in the manner as mentioned below :
 - If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: **MYEPWD** <space> E-Voting Event Number +Folio No. or DP ID Client ID to 9212993399.
Example for NSDL:
MYEPWD <SPACE> IN12345612345678
Example for CDSL:
MYEPWD <SPACE> 1402345612345678
Example for Physical:
MYEPWD <SPACE> XXXX1234567890
 - If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - Member may call Karvy's toll free number 1800-3454-001 for any assistance.
 - Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.
 - The results will be declared on or after the AGM. The results along with the Scrutinizer's Report, will also be placed on the website of the Company.



PROCEDURE AND INSTRUCTIONS FOR WEB CHECK-IN/ATTENDANCE REGISTRATION

1. **Web Check-in / Attendance Registration:** Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility through Karvy's website. Web Check-in on the Karvy's website enables the Members to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.

Procedure of Web Check-in is as under:

- a. Log on to <https://karisma.karvy.com> and click on "Web Checkin for General Meetings (AGM/EGM/CCM)".
 - b. Select the name of the company: "Sagar Cements Limited".
 - c. Pass through the security credentials viz., DP ID/Client ID/Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.
 - d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
 - e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.
 - f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.
 - g. After registration, a copy will be returned to the Member.
 - h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e., 24th September, 2016 (9.00 A.M. IST) to 27th September, 2016 (5.00 P.M. IST).
 - i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.
15. The company has appointed B S S & Associates, Practicing Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the 'Scrutinizer' to scrutinize the voting and remote e-voting process (including the Ballot Form received from the members who do not have access to the e-voting process) in a fair and transparent manner.
 16. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.sagarcements.in immediately. The Company shall simultaneously forward the results to National Stock Exchange and Bombay Stock Exchange.
 17. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to einward.ris@karvy.com by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, B S S & Associates, Company Secretaries, Office: Parameswara Appartments, # 6-3-626, 5th Floor, 5 – A, Anand Nagar, Khairatabad, Hyderabad-500004 not later than 27th September, 2016 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
 18. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the company during normal business hours (9.30 a.m. to 6.00 p.m.) on all working days except Saturdays and Sundays, up to the date of the Annual General Meeting of the Company.
 20. Section 72 of the Companies Act, 2013 provides for Nomination by the shareholders of the Company and the shareholders are requested to avail this facility.

By Order of the Board of Directors

Hyderabad
27th July, 2016

R.Soundararajan
Company Secretary

Registered Office:
Plot No.111, Road No.10, Jubilee Hills,
Hyderabad – 500 033, Telangana.



Annexure to the Notice of the 35th Annual General Meeting

Annexure 1

Statement pursuant to Section 102 (1) of the Companies Act 2013

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.5 to 10 of the accompanying Notice dated 27th July 2016.

On Item No.5

M/s.Deloitte Haskins & Sells, (Firm Registration No.008072S), Chartered Accountants were appointed as the statutory auditors of the company for a period of five years at the 34th Annual General Meeting of the company held on 23rd September 2015.

As per provisions of Section 139 (1) of the Act, their appointment for the above tenure is subject to ratification by members at every Annual General Meeting.

Accordingly, ratification of the members is being sought for the proposal contained in the Resolution set out at Item No.5 of the Notice.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested, financially or otherwise in the Resolution.

On Item No.6

As the tenure of Shri S.Veera Reddy as Managing Director had come to an end on 12th July 2016, with a view to continuing to avail his services, the Board, on the recommendation of its Nomination and Remuneration Committee, has re-appointed him as Managing Director for a period of three years with effect from 13th July 2016 on a remuneration as recommended by the said committee and detailed in the resolution. Shri S.Veera Reddy has been associated with the company for over two decades as its Managing director. His business acumen and qualities of leadership have contributed in an immense measure to the growth and stability of the company. The Board is of the firm view that it would be in the interest of the company that he be re-appointed as Managing Director and accordingly it commends the resolution for approval of the Members.

The statement containing information required to be furnished under Section II of Part II of Schedule V to the Companies Act, 2013 is given below:

I General Information				
(1)	Nature of Industry	Cement		
(2)	Date or expected date of commencement of commercial production	26.01.1985		
(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
(4)	Financial performance based on given indicators	Description	Rs. in Lakhs	
			2015-16	2014-15
		Income	64999.85	91109.58
		Profit before Interest Depreciation & Tax	12427.11	42265.57
	Profit after Tax	4975.78	29665.17	
(5)	Export performance and net foreign exchange	Nil		



(6) Foreign investments or collaborators, if any	Foreign Investments held in the company as on 30.06.2016 are as under:	
	Particulars	No. of Equity Shares of Rs.10/- each
	Foreign Portfolio Investments	375000
	NRIs	73412
	Foreign Institutional Investors	2139
	Total (2.59% of the paid-up capital)	450551
There are no foreign collaborators.		
II Information about the appointee		
(1) Background details	Shri S.Veera Reddy, aged 80, an agriculturist turned industrialist, is the main promoter of the company. He has been a member of the Board of the company since 1982 and its Managing Director (MD) since 13 th July, 1991.	
(2) Past remuneration	The MD was entitled to the following remuneration in his previous tenure:	
	Salary	Rs.6,00,000/- p.m.
	Perquisites	As mutually agreed between the Managing Director and the Company, but restricted to 75 % of the salary.
	Commission	Such amount of commission calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee thereof.
	Other benefits	The Managing Director was eligible for contribution to P.F., Superannuation Fund or Annuity to the extent these were 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.
(3) Recognition or awards	-	
(4) Job profile and suitability	The MD devotes his whole time and attention to the business of the company and carries out such duties as may be entrusted to him by the Board from time to time and exercises such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as a whole-time director, he is looking after the overall day to day affairs of the company along with other whole-time directors of the company. He is also the Managing Director of the Company's wholly owned subsidiary company from where he does not draw any remuneration.	
	Suitability: Shri S.Veera Reddy, as Managing Director of the company for 25 years, has been instrumental in turning the company from being a mini cement plant to its present level of 2.7 mn tons capacity.	



	Under his able leadership, the company, despite the cyclical ups and downs, has had a track record of good performance and dividend payment, making it one of the most respected organizations in Telangana / Andhra Pradesh.
(5) Remuneration proposed	As detailed in the resolution.
(6) Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration being proposed to be paid to Shri S.Veera Reddy is on par with the remuneration prevailing in the company of similar size in the cement industry and in the event of loss or inadequacy of profit in any financial year during his tenure, the same would be restricted to the ceiling prescribed under Schedule V of the Companies Act, 2013 for the purpose.
(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Shri S.Veera Reddy is related to Dr.S.Anand Reddy, Joint Managing Director, Shri S.Sreekanth Reddy, Executive Director and Mrs.S.Rachana, Non-Executive Director of the Company. As on date, he is holding 16,43,795 (9.45%) equity shares in the company in his individual capacity.
III Other Information	
(1) Reasons for loss or inadequate profits	The company did not incur any loss in the year 2015-16 and barring unforeseen circumstances, there is no likelihood of the company incurring any loss during his proposed tenure as the Managing Director.
(2) Steps taken or proposed to be taken for improvement (3) Expected increase in productivity and profits	The infrastructure and construction industries, which are in measurable terms the main drivers for cement industry are expected to get further boost in the coming years with the Government's continuous thrust to these sectors. These will hopefully further increase the demand for cement and put the performance of the company on a stronger position.
IV Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013	
(1) Age	80 years
(2) Qualification	Studied up to B.A.
(3) Experience	55 years
(4) Date of first appointment on the Board	13.07.1991
(5) Shareholding in the company	16,43,795 equity shares (9.45%)
(6) Relationship with other Directors	Related to Dr.S.Anand Reddy, Joint Managing Director, Shri S.Sreekanth Reddy, Executive Director and Mrs.S.Rachana, Non-Executive Director.
(7) Number of meetings of the Board attended during the year	6



(8) Other Directorships	Name of the Company	Nature of Directorship	
	BMM Cements Ltd., Hyd	Managing Director	
	Sagar Power Ltd., Hyd	Non-Executive Director	
	Panchavati Polyfibres Ltd., Hyd	Non-Executive Director	
	Golkonda Hospitality Services and Resorts Ltd., Hyd	Non-Executive Director	
	Sagar Priya Housing and Industrial Enterprises Ltd., Hyd	Non-Executive Director	
(9) Membership/Chairmanship of Committees of other Boards	Name of the Company	Nature of Committee	Nature of Membership
	Sagar Power Ltd., Hyderabad	Audit Committee	Chairman

As the Resolution is for the re-appointment of Shri S.Veera Reddy as Managing Director and payment of remuneration to him, to that extent he and along with him Dr.S.Anand Reddy, Shri S.Sreekanth Reddy and Mrs.S.Rachana, who are the other directors related to him may be deemed to be interested in the resolution.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution.

On Item No.7

As the tenure of Dr.S.Anand Reddy as Joint Managing Director had come to an end on 20th November 2015, with a view to continuing to avail his services, the Board has re-appointed him as Joint Managing Director for a further period of three years with effect from 21st November 2015 on a remuneration as detailed in the resolution. Dr.S.Anand Reddy has been associated with the company for nearly 23 years as its whole-time director. His business acumen and qualities of leadership have contributed in an immense measure to the growth and stability of the company. The Board is of the firm view that it would be in the interest of the company that he be re-appointed as Joint Managing Director and accordingly it commends the resolution for approval by the Members.

The statement containing information required to be furnished under Section II of Part II of Schedule V to the Companies Act, 2013 is given below:

I General Information			
(1) Nature of Industry	Cement		
(2) Date or expected date of commencement of commercial production	26.01.1985		
(3) In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
(4) Financial performance based on given indicators	Description	Rs. in Lakhs	
		2015-16	2014-15
	Income	64999.85	91109.58
	Profit before Interest Depreciation & Tax	12427.11	42265.57
	Profit after Tax	4975.78	29665.17
(5) Export performance and net foreign exchange	Nil		



(6) Foreign investments or collaborators, if any	Foreign Investments held in the company as on 30.06.2016 are as under:	
	Particulars	No. of Equity Shares of Rs.10/- each
	Foreign Portfolio Investments	375000
	NRIs	73412
	Foreign Institutional Investors	2139
	Total (2.59% of the paid-up capital)	450551
There are no foreign collaborators.		
II Information about the appointee		
(1) Background details	Dr.S.Anand Reddy, aged 52, is an M.B.B.S. Doctor. He is one of the members of the promoter group. He has been a member of the Board since 23.11.1991. He was appointed as a whole-time director with the designation Director (Marketing & Projects) w.e.f. 21 st November 1992. Currently, he is holding the office of Joint Managing Director of the company (JMD).	
(2) Past remuneration	The JMD was entitled to the following remuneration in his previous tenure:	
	Salary	Rs.4,00,000/- p.m.
	Perquisites	As mutually agreed between the Joint Managing Director and the Company, but restricted to 75 % of the salary.
	Commission	Such amount of commission calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee thereof. (However, no commission was paid to him for the years 2012-13, 2013-124 and 2014-15, in view of inadequacy of profits).
Other benefits	The Joint Managing Director was eligible for contribution to P.F., Superannuation Fund or Annuity to the extent these were 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.	
(3) Recognition or awards	-	
(4) Job profile and suitability	The JMD devotes his whole time and attention to the business of the company and carries out such duties as may be entrusted to him by the MD and or by the Board from time to time and exercises such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as the JMD, he is looking after the overall day to day affairs of the company along with other whole-time directors of the company.	



	<p>Suitability: Dr.S.Anand Reddy, was instrumental in carrying out the expansion of the plant at its various stages. The company needs an experienced person to co-ordinate the operations of the plant and implement its further expansions. He is also on the Board of the Company's wholly owned subsidiary, BMM Cements Ltd., and he draws no remuneration from this subsidiary. Commercial acumen and the overall experience already gained by Dr.S.Anand Reddy in running the Company's plant and its marketing operations, makes him highly suitable for the proposed re-appointment.</p>
(5) Remuneration proposed	As detailed in the resolution
(6) Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration being proposed to be paid to Dr.S.Anand Reddy is on par with the remuneration prevailing in the companies of similar size in the cement industry and in the event of loss or inadequacy of profit in any financial year during his tenure, the same would be restricted to the ceiling prescribed under Schedule V of the Companies Act, 2013 for the purpose.
(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Dr.S.Anand Reddy is related to Shri S.Veera Reddy, Managing Director, Shri S.Sreekanth Reddy, Executive Director and Mrs.S.Rachana, Non-Executive Director of the Company. As on date, he is holding 11,49,527 (6.61%) equity shares in the company in his individual capacity.
III Other Information	
(1) Reasons for loss or inadequate profits	The company did not incur any loss in the year 2015-16 and barring unforeseen circumstances, there is no likelihood of the company incurring any loss during his proposed tenure as the Joint Managing Director.
(2) Steps taken or proposed to be taken for improvement (3) Expected increase in productivity and profits in measurable terms	The infrastructure and construction industries, which are the main drivers for cement industry are expected to get further boost in the coming years with the Government's continuous thrust to these sectors. These will hopefully further increase the demand for cement and put the performance of the company on a stronger position.
IV Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013	
(1) Age	52 years
(2) Qualification	M.B.B.S.
(3) Experience	23 years
(4) Date of first appointment on the Board	23.11.1991
(5) Shareholding in the company	11,49,527 (6.61%)
(6) Relationship with other Directors	Related to Shri S.Veera Reddy, Shri S.Sreekanth Reddy and Mrs.S.Rachana
(7) Number of meetings of the Board attended during the year	7



(8) Other Directorships	Name of the Company	Nature of Directorship	
	BMM Cements Ltd., Hyd	Non-Executive Director	
	Sagar Power Ltd., Hyd	Managing Director	
	Sagar Priya Housing and Industrial Enterprises Ltd., Hyd	Non-Executive Director	
	M/s.Panchavati Polyfibres Ltd. Hyd	Non-Executive Director	
	Super Hydro Electric Ltd.,	Non-Executive Private Director	
	SPL Renewable Energy Ltd.,	Non-Executive Private Director	
(9) Membership/Chairmanship of Committees of other Boards	Name of the Company	Nature of Committee	Nature of Membership
	M/s.Sagar Cements Ltd, Hyderabad	Corporate Social Responsibility Committee	Member
	M/s.Sagar Cements Ltd, Hyderabad	Stakeholders' Relationship Committee	Member

As the Resolution is for the re-appointment of Dr.S.Anand Reddy as Joint Managing Director and payment of remuneration to him, to that extent he and along with him Shri S.Veera Reddy, Shri S.Sreekanth Reddy and Mrs.S.Rachana, who are the other directors related to him may be deemed to be interested in the resolution.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution.

On Item No.8

As the tenure of Shri S.Sreekanth Reddy as Executive Director had come to an end on 25th June 2016, with a view to continuing to avail his services, the Board has re-appointed him as Executive Director for a further period of three years with effect from 26th June 2016 on a remuneration as recommended by the Nomination & Remuneration Committee and detailed in the resolution. Shri S.Sreekanth Reddy has been associated with the company for over a decade as its whole-time director. The company has immensely benefited from his business acumen, Technical Knowledge and leadership qualities. The Board is of the firm view that it would be in the interest of the company that he be re-appointed as Executive Director and accordingly it commends the resolution for approval by the Members.

The statement containing information required to be furnished under Section II of Part II of Schedule V to the Companies Act, 2013 is given below:

I	General Information			
(1)	Nature of Industry	Cement		
(2)	Date or expected date of commencement of commercial production	26.01.1985		
(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
(4)	Financial performance based on given indicators	Description	Rs. in Lakhs	
			2015-16	2014-15
		Income	64999.85	91109.58
		Profit before Interest Depreciation & Tax	12427.11	42265.57
		Profit after Tax	4975.78	29665.17



(5) Export performance and net foreign exchange	Nil	
(6) Foreign investments or collaborators, if any	Foreign Investments held in the company as on 30.06.2016 are as under:	
	Particulars	No. of Equity Shares of Rs.10/- each
	Foreign Portfolio Investments	375000
	NRIs	73412
	Foreign Institutional Investors	2139
	Total (2.59% of the paid-up capital)	450551
There are no foreign collaborators.		

II Information about the appointee	
(1) Background details	Shri S.Sreekanth Reddy, aged 45, is a graduate in Industrial Engineering and holding a post graduate diploma in cement technology. He is one of the members of the promoter group. He has been a member of the Board since 26.06.2003, initially as technical director and later as Executive Director (ED).
(2) Past remuneration	The ED was entitled to the following remuneration in his previous tenure:
	Salary Rs.3,00,000/- p.m.
	Perquisites As mutually agreed between the Executive Director and the Company, but restricted to 75 % of the salary.
	Commission Such amount of commission calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee thereof.
Other benefits The Executive Director was eligible for contribution to P.F., Superannuation Fund or Annuity to the extent these were 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.	
(3) Recognition or awards	-
(4) Job profile and suitability	The ED devotes his whole time and attention to the business of the company and carries out such duties as may be entrusted to him by the MD and or by the Board from time to time and exercises such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as Executive Director, he is looking after the overall day to day affairs of the company along with other whole-time directors of the company. He is also on the Board of the Company's wholly-owned subsidiary, BMM Cements Ltd. from where he drawn no remuneration.
	Suitability: Shri S.Sreekanth Reddy, was instrumental in carrying out the expansion of the plant at its various stages. The



	company needs an experienced cement technologist to co-ordinate the operations of the plant and foresee its future expansion. Commercial acumen and the experience already gained by Shri S.Sreekanth Reddy in this area as Executive Director makes him suitable for the proposed re-appointment.
(5) Remuneration proposed	As detailed in the resolution
(6) Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration being proposed to be paid to Shri S.Sreekanth Reddy is on par with the remuneration prevailing in the companies of similar size in the cement industry and in the event of loss or inadequacy of profit in any financial year during his tenure, the same would be restricted to the ceiling prescribed under Schedule V of the Companies Act, 2013 for the purpose.
(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Shri S.Sreekanth Reddy is related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Executive Director and Mrs.S.Rachana, Non Executive Director of the Company. As on date, he is holding 10,85,757 (6.24%) equity shares in the company in his individual capacity.

III Other Information

(1) Reasons for loss or inadequate profits	The company did not incur any loss in the year 2015-16 and barring unforeseen circumstances, there is no likelihood of the company incurring any loss during his proposed tenure as the Executive Director.
(2) Steps taken or proposed to be taken for improvement	The infrastructure and construction industries, which are the main drivers for cement industry are expected to get further boost in the coming years with the Government's continuous thrust to these sectors. These will hopefully further increase the demand for cement and put the performance of the company on a stronger position.
(3) Expected increase in productivity and profits in measurable terms	

IV Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013

(1) Age	45 years	
(2) Qualification	B.E. (Industrial & Production Engg.)	
(3) Experience	20 years	
(4) Date of first appointment on the Board	26.06.2003	
(5) Shareholding in the company	10,85,757 (6.24%)	
(6) Relationship with other Directors	Related to Shri S.Veera Reddy, Dr.S.Anand Reddy and Mrs.S.Rachana.	
(7) Number of meetings of the Board attended during the year	9	
(8) Other Directorships	Name of the Company	Nature of Directorship
	BMM Cements Ltd., Hyd	Non-Executive Director
	Sagar Power Ltd., Hyd	Non-Executive Director
	Sagarsoft (India) Ltd., Hyd	Director-Chairman
	Sagar Priya Housing and Industrial Enterprises Ltd., Hyd	Non-Executive Director



	Sree Venkateswara Winery and Distillery Pvt. Ltd., Hyd	Non-Executive Director	
	Super Hydro Electric Private Ltd., Hyd	Non-Executive Director	
	SPL Renewable Energy Private Ltd., Hyd	Non-Executive Director	
(9) Membership/Chairmanship of Committees of other Boards	Name of the Company	Nature of Committee	Nature of Membership
	Sagar Cements Ltd, Hyderabad	Corporate Social Responsibility Committee	Member

As the Resolution is for the re-appointment of Shri S.Sreekanth Reddy as Executive Director and payment of remuneration to him, to that extent he and along with him Shri S.Veera Reddy, Dr.S.Anand Reddy and Mrs.S.Rachana, who are the other directors related to him may be deemed to be interested in the resolution.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution.

On Item No.9

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors for the Financial Year 2016-17 on a remuneration as detailed in the resolution.

In accordance with the provisions of Section 148 of the Act, 2013 and the Rules made there under, the remuneration payable to the Cost Auditors needs to be ratified by the shareholders of the company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.9 of the Notice for ratifying the remuneration payable to the Cost Auditors as mentioned in the resolution for the financial year ending March 31, 2017.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.9.

On Item No.10

Section 20 of the companies Act, 2013 prescribes various modes for service of documents by the Company on its members. The proviso to the said section states that a member may request the company for delivery of any documents through a particular mode, for which he shall pay such fees as may be determined by the company at its annual general meeting.

While the company does not normally charge any fee for serving any documents on its members, yet when a specific request is received from a member for delivery of a document in a particular mode where, the factors like the weight of the documents to be delivered, destination, mode of service etc., warrant charging a reasonable fee from the member concerned, to enable the company to collect the said fee in advance from the said member, the approval of the members as contemplated in the section 20 referred to above is sought through an ordinary resolution.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.10.

By Order of the Board of Directors

Hyderabad
27th July, 2016

R.Soundararajan
Company Secretary

Registered Office:

Plot No.111, Road No.10
Jubilee Hills
Hyderabad – 500 033, Telangana.

Annexure 2

(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)

Details of Directors seeking re-appointment at the Annual General Meeting

Name of the Director	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy	Shri John-Eric Fernand Pascal Cesar Bertrand
Date of birth	26.10.1935	10.06.1964	27.08.1971	16.11.1977
Experience in specific functional areas	Industrialist	Corporate Executive	Cement Technologist Has been on the Board since 2003 as Whole-time Director	Investment Manager
Qualification	Studied up to B.A.	M.B.B.S.	B.E. (I & P) and PG Diploma in cement technology	University of Louvain (UCL) Master in International Management Community of European Management Schools (CEMS) Master in Business Administration (MBA), INSEAD
Directorships in other Companies	BMM Cements Ltd. Sagar Power Ltd. Panchavati Polyfibres Ltd. Golkonda Hospitality Services and Resorts Ltd. Sagar Priya Housing and Industrial Enterprises Ltd.	BMM Cements Ltd. Sagar Power Ltd., Sagar Priya Housing and Industrial Enterprises Ltd. Panchavati Polyfibres Ltd. Super Hydro Electric Pvt. Ltd. SPL Renewable Energy Pvt. Ltd.	BMM Cements Ltd. Sagarsoft (India) Ltd. Sagar Power Ltd. Sagar Priya Housing & Industrial Enterprises Ltd. Super Hydro Electric Pvt.Ltd. SPL Renewable Energy Pvt.Ltd. Sree Venkateswara Winery and Distillery Pvt.Ltd.	AvH Resources India Pvt.Ltd. Oriental Quarries and Mines Pvt. Ltd.
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Sagar Power Ltd., Chairman – Audit Committee	Sagar Cements Ltd., Member, Stakeholders' Relationship Committee	Nil	Nil
No. of shares held in Sagar Cements Ltd.	16,43,795	11,49,527	10,85,757	Nil
Inter-se relationship with other Directors of the Company	Related to Dr.S.Anand Reddy, Joint Managing Director, Shri S.Sreekanth Reddy, Executive Director and Mrs.S.Rachana, Director	Related to Shri S.Veera Reddy, Managing Director, Shri S.Sreekanth Reddy, Executive Director and Mrs. S.Rachana, Director	Related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Mrs.S.Rachana, Director	None

By Order of the Board of Directors

Hyderabad
27th July, 2016

R.Soundararajan
Company Secretary





DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT

Dear Members

Your Directors are pleased to present their Thirty Fifth Report together with the audited financial statements of the Company for the year ended 31st March, 2016.

Financial Results

Rs. in Lakhs

Particulars	Standalone		Consolidated
	As on		As on
	31-03-2016	31-03-2015	31.03.2016
Revenue from Operations (Net)	61827.46	54483.10	75100.83
Other Income	3172.39	36626.48	649.11
Total Revenue	64999.85	91109.58	75749.94
Earnings before Interest, tax, Depreciation and Amortization (EBITDA)	12427.09	42265.57	12808.44
Finance costs	2903.49	2308.23	4176.67
Depreciation	2336.76	2150.47	3364.88
Profit before Tax	7186.84	37806.87	5266.89
Total of tax expenses	2211.05	8141.70	656.55
Profit after Tax	4975.79	29665.17	4610.34
Add : Profit brought forward from the previous year	36258.03	8211.30	36258.03
Profit available for appropriation	41233.82	37876.47	40868.37
Appropriations:			
Less: Dividend	869.40	1304.10	869.40
Less: Tax on Proposed Dividend on Equity Shares	176.99	262.37	176.99
Less: Additional Depreciation on account of adjustment as per Companies Act, 2013	734.86	51.97	734.86
Total Appropriations	1781.25	1618.44	1781.25
Balance carried to Balance Sheet	39452.57	36258.03	39087.12
Earnings Per Share (Basic and Diluted) (Rs.)	28.62	170.61	26.51

Dividend

An interim dividend at Rs.5/- per share (50%) on the 173,88,014 equity shares of Rs.10/- each was paid for the year 2015-16 and no further dividend has been recommended for the said year.

Transfer to reserves

No transfer to reserves is proposed and accordingly the entire balance available in the Profit and Loss Account is retained in it.

Share Capital

There was no change in the share capital of your company during the year under report.

Management Discussion Analysis

To avoid repetition in Directors Report and the Management Discussion Analysis Report, the information under these reports as a composite summary of the performance of the various aspects of the business of the company is furnished below.

Company's performance

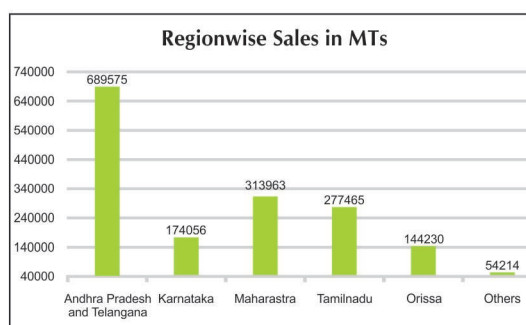
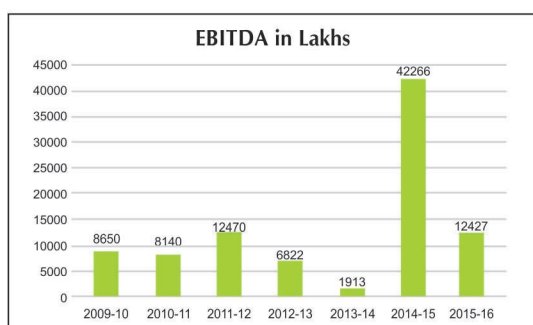
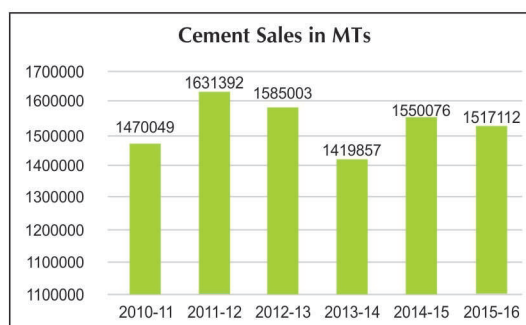
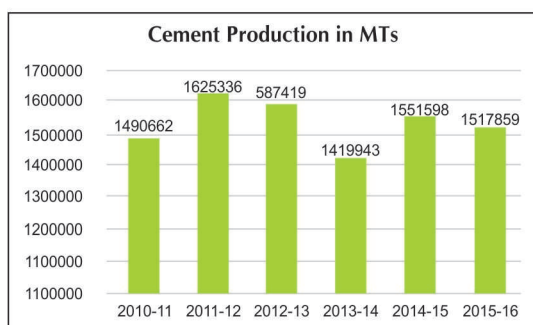
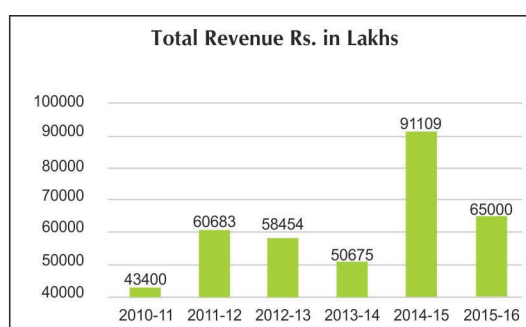
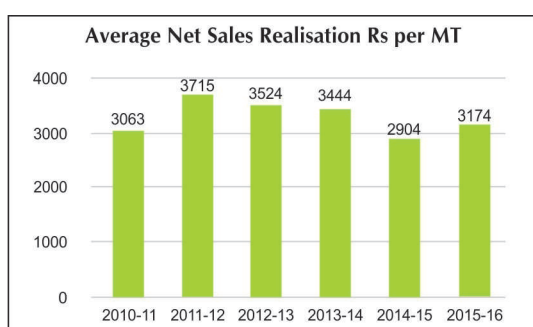
Immediately after the bifurcation of the erstwhile state of Andhra Pradesh, there was a lot of hope for early revival of the cement industry in Telangana and Andhra Pradesh, as the construction activities in these states were expected to pick up, pushing up the demand for cement. As the plans announced by the State Governments to boost the infrastructure in their respective states are still in early stages, demand for cement has not yet picked-up in a big way in these states. As a result, the industry continues to face challenges with pricing pressure and weak demand.



Given the above constraints, the performance of the company during the year 2015-16 in terms of production and sale of cement and average net sales realization per ton as given below is satisfying:

Particulars	2015-16	2014-15
Cement Production in MTs	1517859	1551598
Cement Sales in MTs	1517112	1550098
Average Net Sales Realization per MT (Rs.)	3174	2904
Total Revenue (Rs. In lakhs)	65000	91109

During the year, your company sold 15,17,112 MTs of cement with an average net realization (ANR) of Rs.3174/- per MT, which was higher by 9.30% over the previous year's ANR. During the year, your company earned a net revenue of Rs.65,000 lakhs as against Rs.91,109 lakhs in the previous year, which included the sum of Rs.34,900 lakhs, realised from the sales of its equity investments held in its erstwhile Joint Venture.





Subsidiaries, Joint Ventures or Associate Companies

As you are aware, your Company has since acquired the entire equity stake in BMM Cements Limited, which has its cement plant of 1.00 Million MTs per annum capacity and a coal based captive power plant of 25 MW capacity in Gudipadu Village in Ananthapur District, A.P.

This wholly owned subsidiary, prior to its take over by your company, was operating at a very low capacity due to, inter-alia, out-sourcing lime stone at high cost for its cement production, as it was yet to obtain the permission to extract the lime stone from its captive mines. With the requisite mining permission having since been obtained by the said subsidiary enabling it to utilize the limestone available from its captive mines, its capacity utilization, which has already shown a marked improvement, is expected to improve further. To meet the immediate funds requirement of this subsidiary to support its operations at the current level as well as to enable it to strengthen its long term funds requirements, your company has extended financial assistance to it in the form of loans and furnished a corporate guarantee for the debentures issued by the said subsidiary to the International Finance Corporation, details of which have been provided in the Financial statements.

The cement produced by this subsidiary is sold under the brand name "SAGAR". As this subsidiary further consolidates itself and improves upon its operations, the investments made by your company in this subsidiary will prove to be beneficial to your company.

Your Company does not have any Joint Ventures or Associate Companies.

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures in form AOC 1 are given in **Annexure-1**.

Grinding Unit in Bayyavaram

Demand for cement is expected to pick up at a faster rate in Odisha, West Bengal and in the Vizag region of Andhra Pradesh, where the focus is likely to be more on the investments in infrastructure sector. The identification of Vishakhapatnam and Kakinada in Andhra Pradesh and Bhubaneswar in Odisha for development as 'smart cities' under the Prime Minister's 'Smart Cities Mission' would give further push to the demand for cement in these regions. With a view to catering to the markets in these areas, your Company plans to acquire a grinding unit of 181 500 MT capacity at Bayyavaram in Visakhapatnam District of A.P. and to expand its capacity to 0.3 million tonnes at a total cost of Rs.67 crores. As the discussions pertaining to the above acquisition are still in the primary stage, further details thereon will be shared with you in due course. The successful implementation of this proposal would enable your company to transport the surplus clinker available from its plant in Mattampally to Bayyavaram, for grinding it as cement to meet the demand in the above said markets.

Opportunities and threats:

Constraints on inputs:

The cement industry is a highly energy intensive sector. Energy, along with other raw materials mainly comprising coal and lime stone, forms the most critical component in the manufacture of cement. While your company does not face any problems with respect to the availability of limestone, it attaches high priority to keep its energy cost, which forms part of significant portion of input costs, to the minimum. This is sought to be achieved, among other means, by ensuring an optimum combination in the consumption of indigenous coal and imported coal, which is relatively cheaper. Your Company is setting up a waste heat recovery plant at its unit in Mattampally at a cost of Rs.65.23 Crores, to be completed by October, 2017, which, on its completion, would contribute to the further reduction in the energy cost.

However, logistics continues to be the main area of concern with the distribution cost remaining a significant component of the cost structure.

In this connection, your directors are pleased to inform you of the completion of the railway siding project, which became operational during the fourth quarter of the year 2015-16. This facility will help your company not only in reaching out to newer markets but also, in the absence of any steep hike in fuel price, in optimizing the overall freight cost.

Stagnant demand

Housing sector which accounts for 60 to 70 % of cement demand is yet to pick-up in a big way both in Telangana and Andhra Pradesh, which are the major markets for your company. The initiatives by the governments, like 'Smart Cities



Mission', will help the construction, real estate, infrastructure and cement sectors in due course. However, it will be some time before the cement industry really sees any significant revival in demand in these states.

Telangana, wherein your Company's plant is located, has easy access to both Karnataka and Maharashtra. While the recent acquisition of BMM Cements Limited will enable your company to reach out to markets in Karnataka and parts of Tamil Nadu, the proposal to acquire a grinding unit in Bayyavaram in Vishakhapatnam District in A.P., will enable it to spread its marketing network to southern parts of Odisha and eastern parts of the country.

Impact of entry of global players:

The Indian cement industry with its huge potential continues to attract the entry of global cement majors and encourages the strengthening of production bases by existing companies. This may lead to a substantial part of the cement capacity being controlled by a few players. Sagar Cements proposes to meet some of the challenges posed by this development by focusing on cost reduction and by further improving its brand image, greater expenditure on advertising, strengthening its distribution networks as well as by customer-focused initiatives. Apart from these, Sagar Cements is looking for opportunities to expand its manufacturing facilities geographically to enter into new markets.

Future outlook

The per capita consumption of cement being very low in India, there is a vast scope for growth in demand for cement on the long term. However, for a real growth to happen in the cement industry, there should be an overall growth in investments in the real estate and infrastructure sectors.

Telangana and Andhra Pradesh are and will continue to be the major markets for your Company. With the respective Governments' rightly focusing on the development of infrastructure along with the importance given by the Union Government for the development of National Highways, Rural and Urban Roads, Affordable Housing, Port Connectivity, Development of smart cities etc., coupled with private agencies coming up with a slew of their infrastructure development projects, demand for cement in these and their neighboring states is expected to see a significant growth, which augurs well for your company. Your company, with its aggressive marketing, is poised to grab the opportunity available in this scenario.

However, till such time that the above scenario becomes a reality, your company may have to continue to face the problems like rising input and distribution costs. Therefore, taking an overall view of the above, your Board is cautiously optimistic about the future outlook for your company.

Risk Management System:

The Company attaches utmost importance to the assessment of internal risks and the management thereof in all its dealings. Company is constantly on the lookout for identifying opportunities to enhance its enterprise value and keeping the need to minimize the risks associated with such efforts, every proposal of significant nature is screened and evaluated for the risks involved and then approved at different levels in the organization before implementation.

With a view to overcoming the risk of dependence upon any particular marketing segment or region, your Company is trying to reach out to a wider section of its ultimate consumers. As the cement industry is witnessing rapid additions to its capacity in Telangana and A.P., in order to mitigate the risk associated with it, Sagar Cements, whose revenue is mainly from these sales, is looking for growth opportunities in other States, where infrastructure spending is set to get a boost.

The Company has adequate system to manage the financial risks of its operations. The system is implemented through imposition of checks and balances on extending credit to the customers, audits like internal audit, statutory, cost and secretarial audit, all of which are periodically carried out through external firms, proper appraisal of major capital expenditure, adherence to the budget norms covering all areas of its operations and by insurance coverage for the company's facilities.

Internal Control System and its adequacy:

The Board of Directors are satisfied with the adequacy of the internal control system in force in all major areas of operations of the Company, which is supported by an ERP and compliance management systems. The audit committee assists the board of directors in monitoring the integrity of the financial statements, reservations, if any, expressed by the company's auditors including, the financial, cost, internal and secretarial auditors and based on their inputs, the board is of the opinion that the company's internal controls are adequate and effective.



Human resource development and Industrial Relations

Your Company continues to enjoy cordial relationship with all its personnel at its Plant, Office and on the field.

Your company is organizing training programmes wherever required for the employees concerned. Employees are also encouraged to participate in the seminars organized by the external agencies related to the areas of their operations.

Your company continues to focus on attracting and retaining competent personnel and providing a holistic environment where they get opportunities to realize their full potential. Your company is committed to providing all of its employees with an healthy and safe work environment.

Sexual Harassment

Regarding the Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013, the company has constituted the Internal Complaints Committee. No complaints were received or disposed off during the year under the above Act.

Awards and Recognitions

Your company was the recipient of the prestigious “Best Management Award” for the year 2015 from the Government of Telangana.

Your company has already achieved ISO Certification ISO 9001:2008 for Quality Management System Standard, ISO 14001:2004 for Environmental Management System Standard and OHAS 18001:2007 for Occupational Health and Safety Management System Standard.

As the shareholders are aware your company’s Laboratory at its Plant in Mattampally has been awarded with the Accreditation by the National Accreditation Board for Testing and Calibration Laboratories (NABL), which is the sole accreditation body for testing and calibration laboratories under the aegis of Department of Science and Technology, Government of India.

Directors Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii. they have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Directors and Key Managerial Personnel

On the expiry of the terms of office of Shri S.Veera Reddy, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy respectively as Managing Director, Joint-Managing Director and Executive Director, they have been re-appointed in the respective capacities by your Board based on the recommendation of its Nomination and Remuneration Committee.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Dr.S.Anand Reddy and Shri John-Eric Fernand Pascal Cesar Bertrand will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.



Accordingly, the resolutions seeking the approval of the members for the above said re-appointments have been incorporated in the notice of the annual general meeting of the company.

Excepting Mrs. S.Rachana, who is a director in Panchavati Polyfibres Limited and R.V.Consulting Services Private Limited, whose transactions with the company have been reported under the related parties disclosure under notes to the accounts, none of the other non-executive directors has had any pecuniary relationship or transactions with the company, other than the receipt of sitting fee for the meetings of the Board and Committees thereof attended by them.

Independent Directors Declaration

The company has received the necessary declaration from each Independent Director in accordance with Section 149 (7) of the Companies Act 2013, that he meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act 2013.

Number of meetings of the board

Nine meetings of the board were held during the year. Details of such meetings have been given in the corporate governance report, which forms part of the Annual Report.

Policy on directors' appointment and remuneration and other details

The company's policy on directors' appointment and remuneration and other matters provided in Section 178 (3) of the Act have been disclosed in the corporate governance report.

Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the board has adopted a policy for nomination, remuneration and other related matters for directors and senior management personnel. A gist of the policy is available in the Corporate Governance Report.

Board evaluation

The Board of directors have carried out an evaluation of its own performance and of its committees as well as its individual directors on the basis of criteria such as composition of the board / committee structure, effectiveness, its process, information and functioning etc.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants (FR No.008072S) were appointed as Statutory Auditors of the company by the Shareholders at their 34th Annual General Meeting held on 23rd September 2015, to hold office from the conclusion of the said Annual General Meeting till the conclusion of the 39th Annual General Meeting, subject to ratification of the said appointment by the shareholders at every Annual General Meeting. Accordingly, an appropriate proposal is being placed before the shareholders as part of the Notice of the ensuing Annual General Meeting seeking their required ratification.

Auditors' Report and Secretarial Auditors' Report

Auditors' Report

The auditors' report does not contain any qualifications, reservations or adverse remarks.

Secretarial Auditors' Report

In accordance with Section 204 (1) of the Companies Act, 2013, the report furnished by the Secretarial Auditors, who carried out the secretarial audit of the company under the said Section is given in the **Annexure-2**, which forms part of this report. Regarding the observations made by the Secretarial Auditors for convening of the board meeting held on January 05, 2016 at a shorter notice, as the said observations are self-explanatory, your Board has no further comments thereon.

Cost Auditors

M/s.Narasimha Murthy & Co., Cost Auditors of the company have been appointed as Cost Auditors of the company for the year ending 31st March 2017. A resolution seeking members ratification of the remuneration payable to the Cost Auditors has been included in the notice of the AGM. The reports submitted by the Cost Auditors are filed with the appropriate authorities within the prescribed time.



Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have all been disclosed in the financial statements.

Transactions with related parties

None of the transactions with related parties falls under the scope of Section 188 (1) of the Act. Information on transactions with related parties pursuant to Section 134 (3) (h) of the Act read with rule 8 (2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-3** in Form AOC-2 and the same forms part of this report.

All related party transactions entered into during the financial year were on arms length basis and in the ordinary course of business. There were no materially significant related party transactions entered into by the company with the promoters, key management personnel or other designated persons that may have potential conflict with the interests of the company at large. All related party transactions had prior approval of the Audit Committee and were later approved by the Board.

Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of the company are set out in **Annexure-4** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the company, <http://www.sagarcements.in/csr.html>.

Extract of Annual Return

As provided under Section 92 (3) of the Act, an extract of annual return is given in **Annexure-5** in the prescribed Form MGT-9, which forms part of this report.

Particulars of Employees

The information required under Section 197 of the Act read with Rule 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules are given in the **Annexure-6**, which forms part of this report.

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Particulars	Ratio to Median Remuneration
Non-Executive Directors *	
Executive Directors	
Shri S.Veera Reddy	70.15
Dr.S.Anand Reddy	59.24
Shri S.Sreekanth Reddy	53.78

*Non-Executive Directors are not paid any remuneration, other than sitting fee.

- b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Shri O.Swaminatha Reddy	These directors were not paid any remuneration, other than sitting fee, in which there was no increase during the financial year
Shri K.Thanu Pillai	
Shri K.Rajendra Prasad (APIDC Nominee)	
Shri John-Eric Fernand Pascal Cesar Bertrand	
Shri V.H.Ramakrishnan	
Mrs.S.Rachana	
Shri S.Veera Reddy	125.00
Dr.S.Anand Reddy	171.43
Shri S.Sreekanth Reddy	228.57
Shri R.Soundararajan	7.02
Shri K.Prasad	7.34



- c. The percentage increase in the median remuneration of employees in the financial year: 8.91%.
- d. The number of permanent employees on the rolls of Company: 445.
- e. The explanation on the relationship between average increase in remuneration and Company performance:
On an average, employees received an annual increase of around 10% in India.
In order to ensure that remuneration reflects Company performance, the performance of the company is also one of the parameter for fixing the remuneration to the employees.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in FY16 (₹ crores)	3.17
Revenue (₹ crores)	649.99
Remuneration of KMPs (as % of revenue)	0.49
Profit before Tax (PBT) (₹ crores)	71.87
Remuneration of KMP (as % of PBT)	4.41

- g. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year

Particulars	March 31, 2016	March 31, 2015	% Change
Market capitalization (in Crores)	689.43	534.94	28.88
Price Earning Ratio	13.85	1.80	668.28

- h. Percentage increase over decrease in the market quotations of the shares of the company, comparison to the rate at which the company came out with the last public offer:

Particulars	March 31, 2016	June 22, 1992	% Change
Market Price in NSE	396.50	Not listed	Not listed
Market Price in BSE	386.50	45.00	759%

- i. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof.
The average annual increase was around 12% for personnel other than managerial personnel.
Increase in the managerial remuneration for the year was 164.04%.

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

Description	MD	CS	CFO
Remuneration in FY16 (lakhs)	270.00	21.76	25.06
Revenue (lakhs)		64,999.86	
Remuneration as % of revenue	0.415	0.033	0.039
Profit before Tax (PBT) (lakhs)		7186.85	
Remuneration (as % of PBT)	3.757	0.303	0.349

- k. The key parameters for any variable component of remuneration availed by the directors:
Commission is the only variable component which depends on profit earned during the relevant year.
- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **None.**
- m. Affirmation that the remuneration is as per the remuneration policy of the Company:
The Company affirms that remuneration is as per the remuneration policy of the Company.



Disclosure requirements

A report on corporate governance together with auditors' certificate thereon has been furnished as part of the Annual Report.

Policy on dealing with related party transactions is available on the website of the company (www.sagarcements.in).

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees of the company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177 (9) of the Act and the Listing Regulations and the same is available on the company's web site.

Deposits from public

The company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo:

The particulars required under Section 134 (3) (m) of the Companies Act, 2013 have been provided in the **Annexure-7**, which forms part of the Report.

Insurance

All the properties of the Company have been adequately insured.

Pollution Control

Your company is committed to keep the pollution at its plant within the acceptable norms and as part of this commitment, it has adequate number of bag filters in the plant.

Sub Committees of the Board

The Board has Audit Committee, Nomination and Remuneration Committee, Investment Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee. The composition and other details of these committees, have been given in the Report on the Corporate Governance forming part of the Annual Report.

Compliance Certificate

A certificate as stipulated under Schedule V(E) of the Listing Regulations from the Auditors of the Company regarding compliance with the conditions of Corporate Governance is attached to this Report along with a report on Corporate Governance.

Cautionary Statement

Statements in these reports describing company's projections statements, expectations and hopes are forward looking. Though, these expectations etc., are based on reasonable assumption, the actual results might differ.

Acknowledgement

Your Directors wish to place on record their appreciation of the valuable co-operation extended to the Company by its bankers and various authorities of the State and Central Government. They thank the Distributors, Dealers, Consignment Agents, suppliers and other business associates of your Company for their continued support. Your Board also takes this opportunity to place on record its appreciation of the contributions made by the employees at all levels and last but not least, of the continued confidence reposed by you in the Management.

For and on behalf of the Board of Directors

Hyderabad
27th July 2016

O. Swaminatha Reddy
Chairman



Annexure 1

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Lakhs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	BMM CEMENTS LIMITED
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees
4.	Share Capital	10381.29
5.	Reserves & surplus	-10077.70
6.	Total assets	54561.05
7.	Total Liabilities	54561.05
8.	Investments	Nil
9.	Turnover	22842.29
10.	Profit before taxation	-2410.05
11.	Provision for taxation	206.57
12.	Profit after taxation	-2616.62
13.	Proposed Dividend	Nil
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: Nil.
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:

Name of Associates/Joint Ventures	Nil
Latest audited Balance Sheet Date	Nil
Shares of Associate/Joint Ventures held by the company on the year end	Nil
No.	Nil
Amount of Investment in Associates/Joint Venture	Nil
Extend of Holding%	Nil
Description of how there is significant influence	Nil
Reason why the associate/joint venture is not consolidated	Nil
Net worth attributable to shareholding as per latest audited Balance Sheet	Nil
Profit/Loss for the year	Nil
Considered in Consolidation	Nil
Not Considered in Consolidation	Nil

- Names of associates or joint ventures which are yet to commence operations: Nil
- Names of associates or joint ventures which have been liquidated or sold during the year: Nil

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

Place: Hyderabad
Date: July 27, 2016

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary



ANNEXURE – 2

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended on 31st MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and

Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Sagar Cements Limited,
Plot No.111, Road No.10,
Jubilee Hills,
Hyderabad-500033.

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

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

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

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable as the Company did not issue any security during the period under review;**
 - d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 - **Not applicable as the Company has not granted any Options to its employees during period under review;**
 - e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities during the period under review;**
 - f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the period under review;**
 - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and**
 - h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back of its securities during the period under review.**



- 6) Employees Provident Fund and Miscellaneous Provisions Act, 1952
- 7) Employees State Insurance Act, 1948
- 8) Employers Liability Act, 1938
- 9) Environment Protection Act, 1986 and other environmental laws
- 10) Equal Remuneration Act, 1976
- 11) Factories Act, 1948
- 12) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
- 13) Maternity Benefits Act, 1961
- 14) Minimum Wages Act, 1948
- 15) Negotiable Instruments Act, 1881
- 16) Payment of Bonus Act, 1965
- 17) Payment of Gratuity Act, 1972
- 18) Payment of Wages Act, 1936 and other applicable labour laws
- 19) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
 - i. Cement Cess Rules, 1993;
 - ii. Cement (Quality Control) Order, 1995;
 - iii. Environmental (Protection) Act, 1986 Read with Environmental Protection Rules, 1986;
 - iv. The Hazardous Wastes (Managements Handling and Transboundry Movement) Rules, 2008;
 - v. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
 - vi. Water (Prevention & Control of Pollution) Cess Act, 1977;
 - vii. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;
 - viii. The Noise Pollution (Regulation And Control) Rules, 2000; and
 - ix. Mines Act, 1952 and Rules issued thereunder.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

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

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

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

Except in case of the Board Meeting held on 05/01/2016, which was called at a shorter notice to consider and transact some urgent matters, whereat all the Independent Directors of the Company were duly present; adequate notice was given to all directors to schedule the Board meetings and agenda with detailed notes there on were sent to all the directors at least Seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.



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

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

We further report that, during the audit period:

- i. M/s. BMM Cements Limited became a wholly owned subsidiary of the Company.
- ii. At the Annual General Meeting held on September 23, 2015, the members had approved alteration and deletion of certain clauses in Memorandum and Articles of Association of the Company to bring them in line with the Companies Act, 2013.

For **B S S & Associates**
Company Secretaries

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

Place: Hyderabad
Date: 15-07-2016

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

Annexure A

To,
The Members,
Sagar Cements Ltd.,
Plot No.111, Road No.10,
Jubilee Hills, Hyderabad-500033.

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

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

For **B S S & Associates**
Company Secretaries

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

Place: Hyderabad
Date: 15-07-2016



Annexure 3
Form No. AOC-2

[Pursuant to Clause (h) of sub-section (3) of Section 134
of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered in to by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sagar Cements Limited has not entered into any contract or arrangement or transaction with its related parties which is not in its ordinary course of business or at arm's length during financial year 2015-16.

2. Details of material contracts or arrangements or transactions at arm's length basis:

There were no material contracts or arrangements or transactions on related parties during the financial year 2015-16.

On behalf of the Board of Directors

Hyderabad
27th July, 2016

O.Swaminatha Reddy
Chairman

Annexure 4
Annual Report on CSR Activities

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

SCL is committed to operate and grow its business in a socially responsible way, while reducing the environmental impact of its operations and increasing its positive social impact.

It aims to achieve growth in a responsible way by encouraging people to take small every day actions that will impact a big difference. This SCL CSR Policy is guided by the following principles:

1. To conduct its operations with integrity and responsibility keeping in view the interest of all its stakeholders.
2. It believes that growth and environment should go in hand and hand.
3. It looks formal collaboration with different stakeholders including Governments, NGOs, IGOs, Suppliers, Farmers and Distributors to tackle the challenges faced by the society.

The activities undertaken / to be undertaken by the company as CSR activities are not expected to lead to any additional surplus beyond what would accrue to the company in the course of normal operations.

In accordance with Section 135 (5) of the Companies Act, 2013, the company is committed to spend atleast 2% of the average net profit made during the three immediately preceding financial years in areas listed out in the Schedule 7 of the Companies Act, 2013.

The company has a structured governance procedure to monitor its CSR activities, for which purpose, it has constituted a CSR Committee with an independent director as its Chairman.

2. The composition of the CSR Committee:

The company has a CSR committee of directors comprising of Shri K.Thanu Pillai, Chairman of the Committee, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy as its members.

3. Average net profit/(Loss) of the company for last three financial years for the purpose of computation of CSR: Rs.(89.54) lakhs.

4. Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above): Rs.Nil.

5. Details of CSR spent during the financial year:

- a. Total amount to be spent for the financial year: Rs.Nil.
- b. Though there was no mandatory requirement for CSR spending in Financial Year 2015-16 in view of the average loss during the previous three years, yet the company has spent Rs.36.21 lakhs towards CSR during the year 2015-16.

c. Manner in which the amount was spent during the financial year:

Sl. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken.	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads : (1) Direct Expenditure (2) Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
01	Preventive health care and promotion for safe drinking water	Preventive health care and promotion of sanitation and making available safe drinking water.	Local Areas of Nalgonda Dist, Telangana	2,73,890	2,73,890	8,21,293	Direct
02	Training and educating	Promotion of Education and infrastructure for it.	Local Areas of Nalgonda Dist, Telangana	13,34,837	13,34,837	14,30,887	Direct
03	Training and promotion of sports	Organizing sports events and sponsor of sports personnel	Local Areas of Nalgonda Dist, Telangana	94,950	94,950	12,22,420	Direct
04	Rural Development	Laying of Roads and related works	Local Areas of Nalgonda Dist, Telangana	19,17,412	19,17,412	24,57,937	Direct
	Total CSR Spent			36,21,089	36,21,089	59,32,537	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Not applicable

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company:

We hereby declare that implementation and monitoring of the CSR policy are in compliance with the CSR objectives and the policy of the company.

S.Veera Reddy
Managing Director

K.Thanu Pillai
Chairman, Corporate Social Responsibility Committee

Hyderabad, 27th July, 2016





Annexure 5

Form No.MGT-9

Extract of Annual Return
as on the financial year ended on March 31, 2016

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration and other details

i.	CIN	:	L26942TG1981PLC002887
ii.	Registration Date	:	15.01.1981
iii.	Name of the Company	:	Sagar Cements Limited
iv.	Category / Sub-Category of the Company	:	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered Office and contact details	:	Plot No.111, Road No.10, Jubilee Hills Hyderabad-500 033 Tel : 91 40 23351571, Fax: 91 40 23356573 Email: soundar@sagarcements.in Website: www.sagarcements.in
vi.	Whether listed company	:	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare (P) Limited Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District Hyderabad -500032 Tel : 040-67162222, Fax : 040-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001 Website: karvycomputershare.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Manufacture of Cement	3242	100

III. Particulars of Holding, Subsidiary and Associate Companies

The company does not have any Holding, Subsidiary or Associate Companies.

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
01	BMM Cements Limited 19/13, Old # 19/5, 19/6, 3 rd Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru – 560052, Karnataka	U40300KA2007PLC043746	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholder	Demat	No. of shares held at the beginning of the year			Demat	No. of shares at the end of the year			% of change during the year
		Physical	Total	% of total shares		Physical	Total	% of total shares	
(A) Shareholding of Promoter and Promoter Group ²									
1 Indian									
(a) Individuals/ Hindu Undivided Family	8694873	0	8694873	50.00	8694873	0	8694873	50.00	0.00
(b) Central Government/ State Government(s)									
(c) Bodies Corporate	1204785	0	1204785	6.93	1204785	0	1204785	6.93	0.00
(d) Financial Institutions/ Banks									
(e) Any Others(Specify)									
Sub Total(A)(1)	9899658	0	9899658	56.93	9899658	0	9899658	56.93	0.00
2 Foreign									
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)									
(b) Bodies Corporate									
(c) Institutions									
(d) Qualified Foreign Investor									
(e) Any Others(Specify)									
Sub Total(A)(2)									
Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	9899658	0	9899658	56.93	9899658	0	9899658	56.93	0.00
(B) Public shareholding									
1 Institutions									
(a) Mutual Funds/ UTI	1252285	1600	1253885	7.21	1037109	1600	1038709	5.97	-1.24
(b) Financial Institutions / Banks	100	3950	4050	0.02	1181	3950	5131	0.03	0.01
(c) Central Government/ State Government(s)									
(d) Venture Capital Funds									
(e) Insurance Companies									
(f) Foreign Institutional Investors	375000	0	375000	2.16	375000	0	375000	2.16	0.00
(g) Foreign Venture Capital Investors									



IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholder	Demat	No. of shares held at the beginning of the year			Demat	No. of shares at the end of the year			% of during the year
		Physical	Total	% of total shares		Physical	Total	% of total shares	
(h) Qualified Foreign Investor									
(i) Any Other (specify) (Trust)	300	0	300	0.00	300	0	300	0.00	0.00
Sub-Total (B)(1)	1627685	5550	1633235	9.39	1413290	5550	1418840	8.16	-1.23
B 2 Non-institutions									
(a) Bodies Corporate	4386745	6076	4392821	25.20	4417805	6076	4423881	25.44	0.18
(b) Individuals									
I i. Individual shareholders holding nominal share capital up to Rs 1 lakh	716055	506910	1222965	7.17	881597	491210	1372807	7.90	0.86
II ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	170943	0	170943	0.97	175557	0	175557	1.01	0.04
(c) NRIs									
(c-i) Foreign Corporate Body									
(c-ii) Hindu Undivided Families	26202	0	26202	0.14	27325	0	27325	0.16	0.02
(c-iii) Clearing Members	937	0	937	0.00	323	0	323	0.00	0.00
Sub-Total (B)(2)	5338363	516758	5855121	33.68	5572230	497286	6069516	34.91	1.23
(B) Total Public Shareholding (B) = (B)(1) + (B)(2)	6966048	522308	7488356	43.07	6985520	502836	7488356	43.07	0.00
TOTAL (A) + (B)	16865706	522308	17388014	100.00	16865706	522308	17388014	100.00	0.00
(C) Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
GRAND TOTAL (A) + (B) + (C)	16865706	522308	17388014	100.00	16865706	522308	17388014	100.00	0.00





(ii) Shareholding of promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year (01-04-2015)			Shareholding at the end of the year (31-03-2016)			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encumbered	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered	
1	S VEERA REDDY	1643795	9.45	Nil	1643795	9.45	Nil	0.00
2	S ARUNA	1369545	7.88	Nil	1369545	7.88	Nil	0.00
3	S RACHANA	1164280	6.70	Nil	1164280	6.70	Nil	0.00
4	S ANAND REDDY	1149527	6.61	Nil	1149527	6.61	Nil	0.00
5	SREEKANTH REDDY SAMMIDI	1085757	6.24	Nil	1085757	6.24	Nil	0.00
6	S VANAJATHA	990769	5.70	Nil	990769	5.70	Nil	0.00
7	W MALATHI	755400	4.34	Nil	755400	4.34	Nil	0.00
8	N MADHAVI	533800	3.07	Nil	533800	3.07	Nil	0.00
9	P V NARSIMHA REDDY	2000	0.01	Nil	2000	0.01	Nil	0.00
10	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION LTD	313285	1.80	Nil	313285	1.80	Nil	0.00
11	PANCHAVATI POLYFIBRES LTD	31500	0.18	Nil	31500	0.18	Nil	0.00
12	SAGAR PRIYA HOUSING & INDUSTRIAL ENTERPRISES LTD	860000	4.95	Nil	860000	4.95	Nil	0.00
	TOTAL	9899658	56.93	Nil	9899658	56.93	Nil	0.00

(iii) Change in Promoters' Shareholding

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
	At the beginning of the year	9899658	56.93	9899658	56.93
	Acquired on 24-07-2014	0	0		
	Acquired *	0	0		
	Sold *	0	0		
	At the end of the year	9899658	56.94	9899658	56.93

* Shares of the Company are traded on a daily basis and hence the date wise increase or decrease in the shareholding is not furnished.



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs.

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2015 *		Shareholding during the year 31-03-2016 **	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	AVH RESOURCES INDIA PRIVATE LTD	3225211	18.55	3225211	18.55
2	SBI MAGNUM COMMA FUND	1252185	7.20	1013577	5.83
3	TWINVEST FINANCIAL SERVICES LTD	813327	4.68	813327	4.68
4	KOTAK MAHINDRA (INTERNATIONAL) LTD	375000	2.16	375000	2.16
5	SOUHITI INFRAPROJECTS PVT LTD	140000	0.81	127500	0.73
6	SAVYASACHI CONSTRUCTIONS PVT LTD	51436	0.30	52382	0.30
7	RAJAT. RAJGARHIA	40000	0.23	40000	0.23
8	SHANKAR GOPALAKRISHNAN	31615	0.18	31615	0.18
9	SKS CAPITAL AND RESEARCH PRIVATE LIMITED	13000	0.07	30000	0.17
10	RAJEEV KHANDELWAL	28550	0.16	27808	0.16

* In the list of top 10 as on 1-4-2015;

** In the list of top 10 as on 31-03-2016

Note: Shares of the Company are traded on a daily basis and hence the date wise increase or decrease in the shareholding is not furnished.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Date	Reason	Shareholding at the beginning of the year 01-04-2015 *		Shareholding at the end of the year 31-03-2016 **	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Directors							
1	Shri O.Swaminatha Reddy	1/4/2015	At the beginning of the year	Nil	Nil		
		31/03/2016	At the end of the year			Nil	Nil
2	Shri S.Veera Reddy	1/4/2015	At the beginning of the year	1643795	9.45		
		31/03/2016	At the end of the year			1643795	9.45
3	S Rachana	1/4/2015	At the beginning of the year	1164280	6.70		
		31/03/2016	At the end of the year			1164280	6.70
4	S Anand Reddy	1/4/2015	At the beginning of the year	1149527	6.61		
		31/03/2016	At the end of the year			1149527	6.61
5	Sreekanth Reddy Sammidi	1/4/2015	At the beginning of the year	1085757	6.24		
		31/03/2016	At the end of the year			1085757	6.24
6	Shri K.Thanu Pillai	1/4/2015	At the beginning of the year	Nil	Nil		
		31/03/2016	At the end of the year			Nil	Nil



7	Shri V.H.Ramakrishnan	1/4/2015	At the beginning of the year	Nil	Nil		
		31/03/2016	At the end of the year			Nil	Nil
8	Shri John-Eric Fernand Pascal Cesar Bertrand	1/4/2015	At the beginning of the year	Nil	Nil		
		31/03/2016	At the end of the year			Nil	Nil
9	Shri K. Rajendra Prasad	1/4/2015	At the beginning of the year	Nil	Nil		
		31/03/2016	At the end of the year			Nil	Nil
Key Managerial Personnel							
1	Shri R.Soundararajan, Company Secretary	1/4/2015	At the beginning of the year	10	0		
		31/03/2016	At the end of the year			10	0
2	Shri K. Prasad, Chief Financial Officer	1/4/2015	At the beginning of the year	Nil	Nil		
		31/03/2016	At the end of the year			Nil	Nil

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding / accrued but not due for payment

		Secured Loans excluding deposits ¹	Unsecured Loans ²	Deposits ³	Total Indebtedness
1	Indebtedness at the beginning of the year				
i	Principal Amount	24524.46	-	3370.14	27894.60
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	105.79	-	-	105.79
	Total (i + ii + iii)	24630.25	-	3370.14	28000.39
	Change in the indebtedness during the financial year				
	Addition	11480.79	-	445.59	11926.38
	Reduction	14604.89	-	-	14604.89
	Net Change	(3124.10)	-	445.59	(2678.51)
	Indebtedness at the end of the financial year				
i	Principal Amount	19510.35	-	3815.73	23326.08
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	95.51	-	-	95.51
	Total (i + ii + iii)	19605.86	-	3815.73	23421.59

- Notes:**
1. These liability represents obligations under finance lease including current portion of obligations.
 2. These are deposits received from vendors for contracts to be executed.



VI. Remuneration of Directors and Key Managerial Personnel

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri S.Veera Reddy (M.D)	Dr.S.Anand Reddy (J.M.D)	Shri S.Sreekanth Reddy (E.D)	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	1,26,00,000	84,00,000	63,00,000	2,73,00,000
	(b) Value of perquisites u/s.17 (2) of Income-Tax Act, 1961				
	(c) Profits in lieu of salary under Section 17 (3) of Income-Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission	1,44,00,000	1,44,00,000	1,44,00,000	4,32,00,000
	- as % of profit				
	- Others, specify (arrears relating to previous year)				
5	Total (A)	2,70,00,000	2,28,00,000	2,07,00,000	7,05,00,000
	Ceiling as per the Act (As minimum remuneration)	2,70,00,000	2,28,00,000	2,07,00,000	7,05,00,000

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of the Director			Total Amount
		Shri O. Swaminatha Reddy	Shri K. Thanu Pillai	Shri.V.H. Ramakrishnan	
1	Independent directors				
	- Fee for attending board/committee meetings	4,00,000	3,80,000	2,80,000	10,60,000
	- Commission				
	- Others, please specify				
	Total (1)	4,00,000	3,80,000	2,80,000	10,60,000
2	Other Non-Executive Directors	APIDC	Shri John Eric Fernand Pascal Cesar Bertrand	Smt.S.Rachana	Total Amount
	- Fee for attending board/committee meetings	3,40,000	60,000	2,00,000	600,000
	- Commission				
	- Others, please specify				
	Total (2)	3,40,000	60,000	2,00,000	600,000
	Total (B) = (1 + 2)				16,60,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				



C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri R Soundararajan	Shri K.Prasad	
1	Gross Salary			
	a. Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	21,75,700	25,05,508	46,81,208
	b. Value of perquisites u/s.17 (2) of Income-Tax Act, 1961			
	c. Profits in lieu of salary under Section 17 (3) of Income-Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- As % of profit			
	- Others, specify			
5	Others, Allowances			
	Total	21,75,700	25,05,508	46,81,208

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.

Annexure - 6

Particulars of employees as required under Section 197 of the Companies Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of the Employee	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy
Designation	Managing Director	Joint Managing Director	Executive Director
Age	80 years	52 years	45 years
Remuneration received (Rs.)	1,26,00,000	84,00,000	63,00,000
Commission received (Rs.)	1,44,00,000	1,44,00,000	1,44,00,000
Nature of employment	Contractual	Contractual	Contractual
Nature of duties	General Management	General Management	General Management
Qualification	Studied upto B.A.	M.B.B.S.	B.E. (I & P) P.G. Dip. in Cement Technology
Experience (Years)	55	23	20
Date of Commencement of Employment	13.07.1991	21.11.1992	26.6.2003
Last Employment held	Nil	Nil	Nil

Shri S.Veera Reddy, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy are related to each other.



Annexure 7

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

The information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

Conservation of Energy and Technology Absorption

Your Company attaches utmost importance to conservation of energy by adopting innovative measures through usage of ecofriendly and cheaper fuels, reducing wastage and optimizing consumption of energy. Some of the specific measures undertaken are listed below:

Company has since installed and commissioned VRPM in August 2015 to enhance the cement grinding capacity and to reduce the power consumption per ton of cement. Kiln RABH Raw Meal dust collection, a separate hot bin, is under implementation and will be commissioned by September'16. This hot bin shall help in reducing the variation in quality for improving the preheater efficiency.

Optimization of Plant Capacity

Company has taken up Plant optimization program in the financial year 2015 – 2016 to enhance the production capacity and reduce the Power and Fuel Consumption.

The following are the major developments:

1. Installation of VRPM as Pre-Grinder for Cement Mill No. 3
2. Completion of Railway Line
3. Installation of CFD Analysis for Complete Preheater including down comer duct and VRM Ducting.
4. Installation of Bin for Hot Raw Meal

VRPM as Pre-Grinder for Cement Mill no. 3

The present Cement Mill with OPC production mill output is 125 TPH. With the installation of VRPM, the output shall be enhanced to 220 TPH for OPC and 260 TPH for PPC. The expected power savings will be a minimum of 6 units per ton of cement. The equipments are under erection and likely to be commissioned by end of July 2016.

CFD Analysis for Complete Preheater including down comer duct and VRM Ducting

Company has awarded the contract to Mechwell Engineering, Mumbai for CFD Analysis for complete preheater, down comer duct and raw mill ducting for analyzing the gas flows and its resistance across the preheater and ductings. The detailed analysis has revealed to carryout modifications in the ducting which has resulted lower pressure drop and reduced power consumption. After carrying out these modifications Line – 2 Preheater is producing around 5200 TPD.

Hot Bin for Kiln RABH Raw Meal Dust Collection

At present the Kiln RABH Raw Meal is fed to blending silo in Combi mode and direct mode. When it is in direct mode the hot raw meal from RABH is fed to blending silo which shall form a thick layer on the top of existing raw meal and disturbs the uniformity / quality of the raw meal present in the silo. To reduce the variation in quality it is proposed to install a separate hot bin adjacent to the blending silo. When raw mill is not running the hot raw meal is stored in a separate bin. When the raw mill is in operation i.e. in Combi mode the material from the hot bin is fed to blending silo in controlled mode so that the variation in the quality will be minimized which shall improve the preheater efficiency.

Research and Development

Your Company Collaborates with National Council for Cement Building & Materials for Research and Development activities and appointed CII for Plant Energy Audit.

Foreign Exchange earnings and Outgo

Details of foreign exchange earnings and outgo as per the Companies Act, 2013, are given below.

Rs.in Lakhs

S.No	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
1	Outgo	4.46	0.92



Corporate Governance Report for the year 2015-16

1. Company's philosophy on code of governance:

Sagar Cements believes that adherence to good corporate practice leads to transparency in its operations and improvement in the quality of its relationship with all its stakeholders.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed a fresh Listing Agreements with the Stock Exchanges.

The Company is in compliance with the requirements stipulated both under Clause 49 of the earlier Listing Agreement and the above said SEBI Listing Regulations, as applicable, with regard to corporate governance.

2. Board of Directors:

Composition:

The Board of Directors has an optimum combination of Executive and Non-Executive Directors and its composition is in conformity with Regulation 17 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 read with Section 149 of the Companies Act 2013 ("Act"). All the Directors have made the requisite disclosures regarding directorships and Committee positions held by them in other Companies.

- i. As on March 31, 2016, the Company had nine Directors. Of the said nine Directors, six are Non-Executive Directors, which include three Independent Directors.

Following was the composition of directors as on March 31, 2016.

Sl No.	Name of the Director	Category of Directorship
1	Shri O.Swaminatha Reddy, Chairman	Independent and Non-Executive
2	Shri S.Veera Reddy, Managing Director	Executive - Promoter Group and Non-Independent
3	Dr.S.Anand Reddy, Joint Managing Director	Executive - Promoter Group and Non-Independent
4	Shri S.Sreekanth Reddy, Executive Director	Executive - Promoter Group and Non-Independent
5	Mrs.S.Rachana, Director	Non-Executive – Promoter Group and Non-Independent
6	Shri K.Thanu Pillai	Independent and Non-Executive
7	Shri V.H.Ramakrishnan	Independent and Non-Executive
8	Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive and Non-Independent
9	Shri K.Rajendra Prasad	Non-Executive – Nominee Director of APIDC, (Equity Investor)

- ii. None of the Directors on the Board holds directorships in more than ten public companies. Further, none of them was a member of more than ten committees or chairman of more than five committees across all the public companies in which he was a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2016 have been made by the Directors. All the directors mentioned as part of the Promoter Group in the above list are related to each other in the following manner:

Dr.S.Anand Reddy and Shri S.Sreekanth Reddy are the sons of Shri S.Veera Reddy and Smt.S.Rachana is wife of Shri S.Sreekanth Reddy.

- iii. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet with the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- iv. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2016 are given hereunder. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Audit Committee and Stakeholders' Relationship Committee are alone considered for the purpose.



Name of the Director	Category	Number of board meetings during the year 2015-16		Whether attended last AGM held on 23.9.2015	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Shri O.Swaminatha Reddy	Independent and Non-Executive, Chairman	9	9	Yes	2	5	4	-
Shri S.Veera Reddy	Executive, Managing Director, Promoter	9	6	Yes	-	5	1	-
Dr.S.Anand Reddy	Executive, Joint Managing Director, Promoter	9	7	No	-	4	-	1
Shri S.Sreekanth Reddy	Executive, Executive Director, Promoter	9	9	Yes	1	3	-	-
Mrs. S.Rachana	Non-Executive, Promoter	9	8	Yes	-	1	-	-
Shri K.Thanu Pillai	Independent and Non-Executive, Director	9	8	Yes	-	7	-	-
Shri V.H. Ramakrishnan	Independent and Non-Executive, Director	9	9	Yes	-	2	-	3
Shri K.Rajendra Prasad	Non-Executive	9	8	Yes	-	4	-	-
Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive	9	5	Yes	-	-	-	-

- v. Nine Board Meetings were held during the year and the gap between two consecutive meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are:
09.04.2015, 21.05.2015, 29.07.2015, 25.08.2015, 23.09.2015, 29.10.2015, 05.01.2016, 27.01.2016, 11.03.2016.
- vi. Information applicable and falling under Schedule II Part A of the SEBI Listing Regulations, were placed before the Board for its consideration.
- vii. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.
- viii. During the year, one meeting of the Independent Directors was held on January 27, 2016.
- ix. The Board periodically reviews the reports prepared by the company on compliance with all laws applicable to the Company.
- x. The details of the familiarization programme of the Independent Directors are available on the website of the Company (<http://sagarcements.in/about.html>).



- xi. Details of the equity shares of the company held by the Directors as on March 31, 2016 are given below:

Name	Category	Number of equity shares
Shri S.Veera Reddy	Executive, Managing Director, Promoter	16,43,795
Dr.S.Anand Reddy	Executive, Joint Managing Director, Promoter	11,49,527
Shri S.Sreekanth Reddy	Executive, Executive Director, Promoter	10,85,757
Mrs.S.Rachana	Non-Executive, Promoter Group	11,64,280

The Company has not issued any convertible instruments. None of the Non-Executive Directors other than the one mentioned above was holding any shares in the company as on 31st March 2016.

3. Audit Committee:

- i. The audit committee of the Company has been constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.
- ii. The terms of reference of the audit committee is as per the Schedule II Part C of the SEBI (LODR) which include:
 - Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
 - Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - ❖ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
 - ❖ Changes, if any, in accounting policies and practices and reasons for the same.
 - ❖ Major accounting entries involving estimates based on the exercise of judgment by management.
 - ❖ Significant adjustments made in the financial statements arising out of audit findings.
 - ❖ Compliance with listing and other legal requirements relating to financial statements.
 - ❖ Disclosure of any related party transactions
 - ❖ Qualifications in the draft audit report.
 - Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
 - Approval or any subsequent modifications of transactions of the Company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Examination of the financial statement and the auditors' report thereon;
 - Evaluation of internal financial controls;
 - Establishment of vigil mechanism for directors and employees to report genuine concerns.
 - Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussions on any related issues with the internal and statutory auditors and the management of the Company;
 - Review of the information required as per SEBI Listing Regulations.
- iii. The audit committee invites to its meetings such of the executives, as it considers appropriate (particularly the head of the finance function). Representatives of the statutory auditors and internal auditors are present at its meetings. The Company Secretary acts as the Secretary to the Committee.



- iv. Shri R.Soundararajan, Company Secretary has been appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code.
- v. The previous Annual General Meeting (“AGM”) of the Company was held on September 23, 2015 and was attended by Shri O.Swaminatha Reddy, Chairman of the audit committee.
- vi. The composition of the Audit Committee and the details of attendance at its meetings are given below:

Name	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Shri O.Swaminatha Reddy Chairman	Independent and Non-Executive Director	7	7
Shri K.Thanu Pillai	Independent and Non-Executive Director	7	6
Shri V.H.Ramakrishnan	Independent and Non-Executive Director	7	5
Shri K.Rajendra Prasad	Non-Executive and Nominee Director	7	6

- vii. Audit committee met 7 times during the year and the dates of such meeting are:
21.05.2015, 29.07.2015, 23.09.2015, 29.10.2015, 5.01.2016, 27.01.2016, 11.03.2016

4. Nomination and Remuneration Committee:

- i. The nomination and remuneration committee of the Board has been constituted in line with the Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.
- ii. The broad terms of reference of the nomination and remuneration committee are as under:
 - Recommend to the Board, the setup and composition of the Board and its committees, including the “*formulation of the criteria for determining qualifications, positive attributes and independence of a director.*” The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
 - Recommend to the Board the appointment or reappointment of directors.
 - Recommend to the Board appointment of Key Managerial Personnel (“KMP” as defined by the Act) and Senior Management members of the Company (as defined by this Committee).
 - Carry out evaluation of every director’s performance and assist the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors. This shall include “*Formulation of criteria for evaluation of Independent Directors and the Board*”. Additionally the Committee may also oversee the performance review process of the KMP and Senior Management Members of the Company.
 - Recommend to the Board the Remuneration Policy for directors, executives and Key Managerial Personnel, as well as the rest of the employees.
 - On an annual basis, recommend to the Board the remuneration payable to the Whole-time Directors and Employees.
 - Provide guidelines for remuneration of directors in material subsidiaries.
 - Performing such other duties and responsibilities as may be consistent with the objective of committee.

Nomination and Remuneration policy:

The Committee has adopted a Policy for Nomination and Remuneration, which is aimed at attracting, retaining, developing and motivating a high performance workforce and individual performance is assessed and rewarded through annual appraisal process. Company does not have any Employee Stock Option Scheme.



While details of such a policy are available on the company's web site, the gist of the same is given below:

General Appointment Criteria:

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Committee ensures that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, Rules made hereunder, Listing Regulations or any other enactment for the time being in force.

Additional Criteria for Appointment of Independent Directors:

The Committee shall consider qualifications for Independent Directors as mentioned under the head 'Definitions' of the Policy and also their appointment shall be governed as per the provisions of **Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** (as amended from time to time) and Companies Act, 2013.

Policy on Board diversity:

The Board of Directors shall have an optimum combination of Directors from the different areas / fields as may be considered appropriate and relevant to the operations of the Company.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration may also involve a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

1. Executive/Whole-time Directors/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Executive Director/ Managing Director etc shall be governed as per the provisions of the Companies Act, 2013 and the rules made thereunder or any other enactment for the time being in force.

2. Non executive Directors

The Non-Executive Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

3. KMPs / Senior Management Personnel

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the personnel concerned and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.



- iii. The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Shri K.Thanu Pillai Chairman	Independent and Non-Executive Director	3	3
Shri O.Swaminatha Reddy	Independent and Non-Executive Director	3	3
Shri K.Rajendra Prasad	Non-Executive and Non-Independent Director	3	3
Smt S.Rachana (w.e.f. 25.8.2015)	Non-Executive and Non-Independent Director	3	2

Nomination and Remuneration Committee met 3 times during the year and the dates of such meeting are: 4.7.2015, 29.10.2015, 11.3.2016.

- iv. The Company does not have any Employee Stock Option Scheme.

- v. Performance Evaluation Criteria / Policy for Directors:

The company has adopted a Policy for evaluating the performance of its management personnel, the gist of which is as under:

Performance Evaluation of Executive Directors

The Executive Directors shall be evaluated on the basis of targets / criteria, if any, given to them by the board from time to time.

Performance Evaluation of Non-Executive Directors

1. How well prepared and well informed the non-executive directors are for board meetings.
2. Frequency of the attendance at the board meetings by the directors.
3. Willingness to spend time and effort for learning about the company and its business.
4. Quality and value of contribution at board meetings.
5. Interaction with other board members and senior management.
6. Can they present their views convincingly, yet diplomatically?
7. Whether they listen to the views of others.

Performance Evaluation of Independent Directors

1. Ability to contribute to and monitor corporate governance practices.
2. Active participation in long-term strategic planning.
3. Commitment to the fulfillment of a director's obligation and fiduciary responsibilities.

Evaluation of Board and its Process

1. The frequency of meetings.
2. The length of meetings.
3. The administration of meetings.
4. The number of committee and their roles.
5. The information to board members and between board members.
6. The quality and quantity of information.
7. The performance of individual director:
 - Personal relationship
 - The collective performance of the board / committee as a team
 - The individual performance and contribution



Performance Evaluation of Chairman

1. Leadership skill
2. Leadership and communication with board
3. Are board members allowed to raise views and concerns

5. Remuneration of Directors

Remuneration to Non-Executive Directors:

Non-Executive Directors are not in receipt of any remuneration other than the sitting fee of Rs.20,000/- for each meeting of the Board and Committees thereof attended by them.

Sitting fees payable to the nominee directors are paid directly to the institutions they represent. Details of sitting fees paid to the non-executive directors during the year 2015-16 are given below:

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1	Shri O.Swaminatha Reddy	4,00,000
2	Shri K.Thanu Pillai	3,80,000
3	Shri.V.H.Ramakrishnan	2,80,000
4	Shri K.Rajendra Prasad (APIDC Nominee)	3,40,000
5	Shri John-Eric Fernand Pascal Cesar Bertrand	60,000
6	Smt.S.Rachana	2,00,000
Total		16,60,000

Remuneration to the Managing Director and Whole time Directors:

The Company pays remuneration to its Managing Director and other Whole time Directors by way of salary and perquisites, which are fixed components and by way of commission, a variable component. Remuneration is paid in accordance with the recommendation made by the Nomination and Remuneration Committee and approved by the Board of Directors which is subject to further approval of the shareholders and Central Government, wherever required.

The whole-time directors were entitled to the following remuneration for the year 2015-16

Description	Shri S.Veera Reddy	Dr.S.Anand Reddy*	Shri S.Sreekanth Reddy
Salary (Rs.)	75,60,000	48,00,000	36,00,000
Perks (Rs.) – (up to 75% of the salary)	50,40,000	36,00,000	27,00,000
Total	1,26,00,000	84,00,000	63,00,000
Commission	1,44,00,000	1,44,00,000	1,44,00,000
Total	2,70,00,000	2,28,00,000	2,07,00,000

* Subject to approval of the shareholders

In addition to the above, the Managing/Whole-time directors were entitled to contribution to P.F., Superannuation Fund or Annuity 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.

Services of the Managing Director / Whole-time Director with the company may be terminated by either party, giving the other party six months' notice.

6. Stakeholders' Relationship Committee

- i. The stakeholders' relationship committee has been re-constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.



- ii. The broad terms of reference of the stakeholders' relationship committee are as under:
- Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend/notice/ annual reports, etc. and all other securities-holders related matters.
 - Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.

iii. **Composition of the Stakeholders' Relationship Committee:**

The Stakeholders Relationship Committee of the Board (earlier known as Shareholders Grievance Committee), constituted in accordance with **Regulation 20 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015**, had the following directors as its members as on March 31, 2016:

Name	Category
Shri K.Rajendra Prasad, Chairman	Non-Executive Director
Dr.S.Anand Reddy	Joint Managing Director

Shri R.Soundararajan, Company Secretary, is the compliance officer for the above purpose. Based on the information obtained from the Company's Registrars, the Company had received 39 complaints from the investors during the year 2015-16 and all these complaints, being routine in nature, were redressed in the normal course by the Registrars themselves. There were no complaints pending as on March 31, 2016. In view of these and also of the fact that all requests for transfer of shares held in physical forms were swiftly approved by the officials of the Company in terms of the authorization given to them by the Board, the need for convening a meeting of the Committee was not felt during the year 2015-16.

- iv. Name, designation and address of Compliance Officer:

Shri R.Soundararajan
Company Secretary
Sagar Cements Limited
Regd.Office: Plot No.111, Road No.10
Jubilee Hills
Hyderabad-500 033
Telephone: 91 40 23351571 Fax: 91 40 23356573

Other Committees

Investment Committee

With a view to evaluating investment opportunities available to the Company from time to time and major capital expenditure proposals, the Board has constituted an Investment Committee with the following directors as its members:

Shri O.Swaminatha Reddy, Chairman	Independent and Non-Executive Director
Shri S.Veera Reddy	Non-Independent, Executive Director
Shri K.Thanu Pillai	Independent and Non-Executive Director

Meetings held:

The Investment Committee met once during 2015-16, i.e., on 11.03.2016 and recommended, inter-alia, the implementation of Waste Heat Recovery System at the company's plant.



Corporate Social Responsibility Committee

CSR Committee of the Company has been constituted in line with the provisions of Section 135 of the Act.

The company is committed to operate and grow its business in a socially responsible way, while reducing the environmental impact of its operations and increasing its positive social impact. It aims to achieve growth in a responsible way by encouraging people to take small every day actions that will make a big difference. This SCL CSR Policy is guided by the following principles:

1. To conduct its operations with integrity and responsibility keeping in view the interest of all its stakeholders.
2. It believes that growth and environment should go in hand and hand.
3. It looks forward to collaborate with different stakeholders including Governments, NGOs, Suppliers and Distributors to tackle the challenges faced by the society

During the year, one meeting of the CSR Committee was held on 11.03.2016.

The composition of the CSR Committee and details of the meeting attended by its members are given below

Name	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Shri K.Thanu Pillai, Chairman	Independent, Non-Executive Director	1	1
Dr.S.Anand Reddy	Non-independent, Executive Director	1	1
Shri S.Sreekanth Reddy	Non-independent, Executive Director	1	1

7. General Body Meetings:

i. General Meeting

The details of the time, venue and the date of the last three Annual General Meetings of the Company are given below:

AGM	Date	Time	Venue
34 th AGM	23 rd September, 2015	4.00. p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
33 rd AGM	24 th September, 2014	4.00 p.m.	
32 nd AGM	25 th September, 2013	4.00 p.m.	

Details of Special Resolutions passed in the above said Annual General Meetings are given below:

At the 34th AGM, one special resolution to modify the terms of payment of remuneration to Shri S.Veera Reddy, Managing Director and two special resolutions for alteration of Memorandum and Articles of Association of the company, to bring them in line with Companies Act 2013 were passed.

No Special Resolutions were passed at the 33rd Annual General Meeting.

At the 32nd AGM, three Special Resolutions for modification in the payment of remuneration to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director and two Special Resolutions for re-appointment of Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director, were passed.

Details of Special Resolutions passed through Postal Ballot: Nil

Other than the above, the company did not pass any resolution exclusively through Postal Ballot in the year 2015-16. However, in order to enable its Members, who did not have the access to e-voting facility to send their assent or dissent in writing in respect of resolutions as set out in the Notice, the company forwarded Ballot Form with the Notice of the AGM.

M/s.B S S & Associates, Practicing Company Secretaries, had conducted ballot exercise.

There is no proposal to pass any special resolution through postal ballot. However, in order to enable its members, who do not have access to e-voting facility to send their assent or dissent in writing in respect of resolutions



proposed to be passed in the AGM, the company is forwarding the ballot form along with the Notice of the Annual General Meeting.

Wherever postal ballot is required to be conducted under the rules and regulations specified for the purpose, the procedure prescribed for them will be followed.

8. Means of communication

Quarterly results:

As part of compliance with **Regulation 10 and Regulation 47 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, the Company furnishes its quarterly financial results to the Stock Exchanges where its shares have been listed, followed by publication in the newspaper in accordance with the said Regulations.

Newspapers in which the results were published:

Details of newspapers in which quarterly results relating to the Financial Year 2015-16 were published are given below:

Quarter ended	Date of Publication	Name of the newspapers carrying the publication
30 th June, 2015	30.07.2015	Financial Express and Andhra Prabha
30 th September, 2015	30.10.2015	"
31 st December, 2015	28.01.2016	"
31 st March, 2016	28.05.2016	"

Website where displayed:

The Financial Results and Shareholding pattern of the Company are available on the Company's website 'www.sagarcements.in' and also on the website of NSE and BSE as part of corporate filing made by the Company from time to time with the said Exchanges.

Press Release

Press Release as and when made by the company in respect of financial results are also made available at the company's web site.

Presentation made to Institutional Investors and Financial Analysts:

Excepting the occasions when the Company had to respond in a general way to the queries now and then received from investors / analysts regarding the affairs of the company, there were no specific presentations made to any of them during the year 2015-16. Copies of the press-release, as and when issued by the Company, mostly after submission of financial results to the Stock Exchanges, are simultaneously made available to the Stock Exchanges and the transcription of conference call held with the analysts / investors following the declaration of financial results are put upon the company's web site.

Management Discussion and Analysis Report

The Annual Report of the Company contains the Management Discussion and Analysis as part of the Directors' Report.

Subsidiary companies

The Company has one wholly owned subsidiary, BMM Cements Limited. The audit committee reviews the consolidated financial statements of the Company and also the financial statements of the subsidiary. The minutes of the board meetings along with its subsidiary are periodically placed before the Board of Directors of the Company.



9. General Shareholder information:

a. Annual General Meeting:

Date & Time : 4.00 p.m. on Wednesday, the 28th September, 2016
Venue : Hotel Golkonda, Masab Tank, Hyderabad - 500 028.

b. Financial Year : 1st April to 31st March

c. Book Closure Dates : From 22.09.2016 to 28.09.2016 (both days inclusive)

d. Dividend payment date :

The company has already paid an interim dividend @ 50% i.e., Rs.5.00 per equity shares of Rs.10/- each for the year 2015-16. The directors do not propose to recommend any further dividend for the year 2015-16. Accordingly the above said dividend is proposed to be confirmed as the final dividend for the financial year 2015-16.

e. Dividend Policy

Dividend is declared 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, company's performance during the year under review, future expansion plans, funds requirements, liquidity position and regulatory requirements.

f. Listing on Stock Exchanges:

Company's shares have been listed on the National Stock Exchange of India Ltd. Mumbai and BSE Ltd. Mumbai. There are no dues against listing fee payable to these Exchanges.

g. Stock and ISIN Codes for the Company's shares:

ISIN Code and Codes for the Company's shares on the above said Exchanges are as below:

Name of the Stock Exchange	Scrip Code
National Stock Exchange of India Limited, "Exchange Plaza", 5 th Floor, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051	SAGCEM
BSE Limited, P J Towers, Dalal Street, Mumbai – 400 001	502090
ISIN	INE229C01013

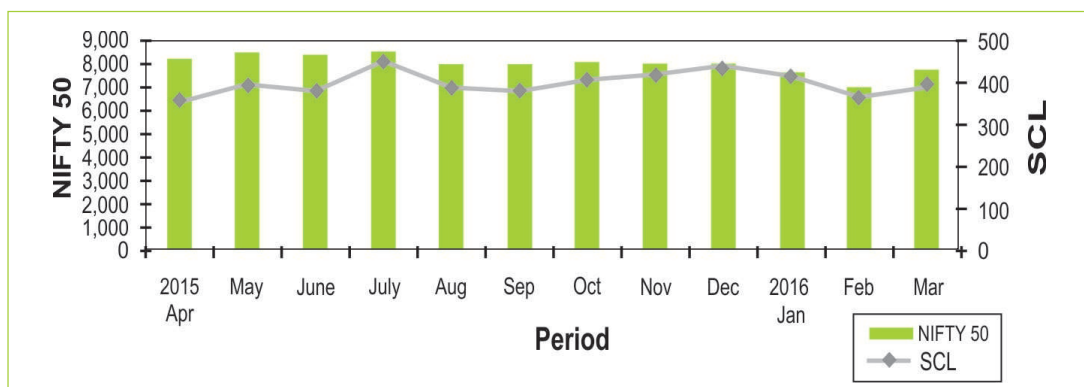
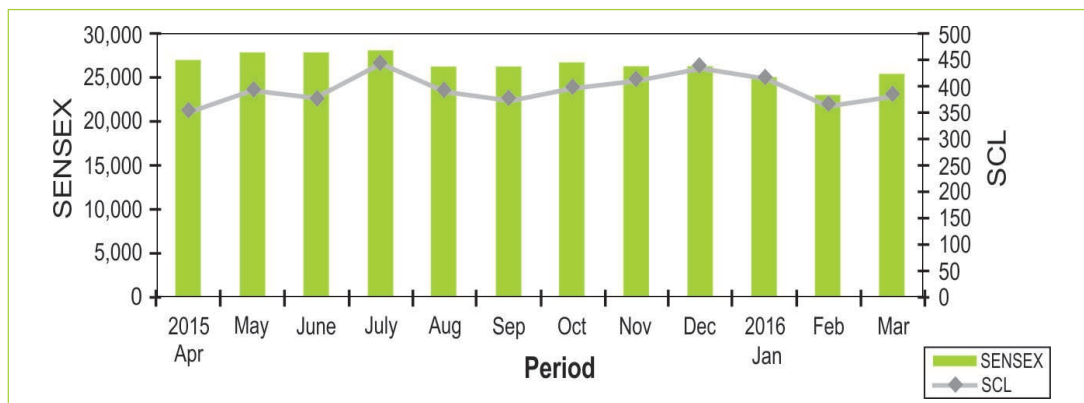
h. Market price details:

High and Low prices for the Company's shares during the Financial Year as traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

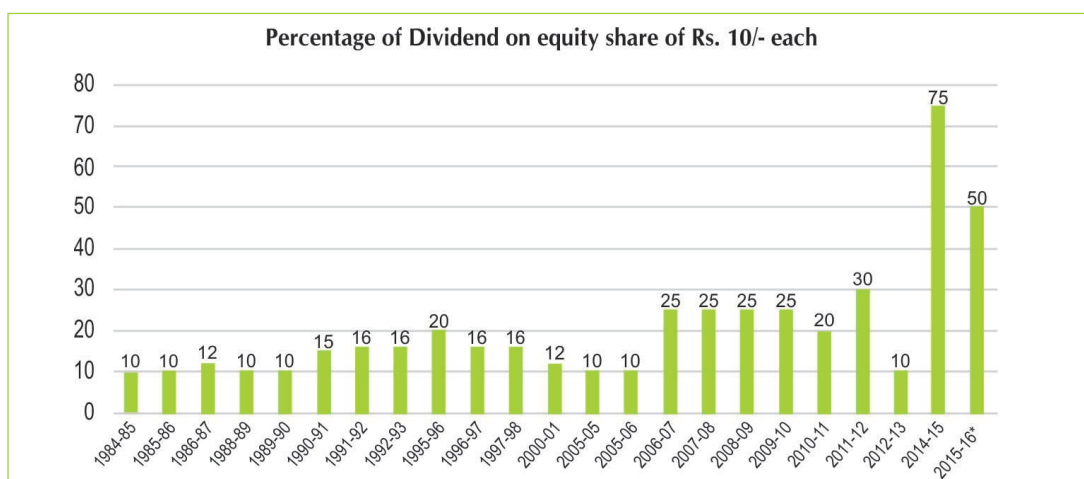
Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April 2015	409.00	298.10	355.00	420.00	296.60	356.60
May 2015	436.00	325.10	396.30	434.00	329.00	392.35
June 2015	415.00	345.00	377.40	420.00	350.00	378.95
July 2015	498.00	375.10	444.60	490.00	374.30	451.85
August 2015	459.90	305.10	394.60	470.00	327.50	389.65
September 2015	423.80	350.00	377.40	422.00	350.50	380.45
October 2015	450.00	371.10	397.80	449.00	377.30	402.85
November 2015	426.50	363.40	416.30	427.90	360.10	417.15
December 2015	450.00	398.90	437.90	450.00	395.00	435.45
January 2016	475.00	390.00	416.50	483.00	390.00	413.15
February 2016	415.00	350.00	370.00	415.00	353.50	366.50
March 2016	417.40	362.20	386.60	414.90	361.10	396.50



Sagar Cements Shares' Price movements during the year 2015-16 as compared with SENSEX and NIFTY are depicted below:



Dividend History



* subject to approval of the shareholders



i. Disclosure with respect to unclaimed shares:

a	Aggregate number of shareholders and the outstanding shares unclaimed at the beginning of the year	27 shareholders holding 6215 shares
b	Number of shareholders who approached listed entity for transfer of shares	Nil
c	Number of shareholders to whom shares were transferred	Nil
d	Aggregate number of shareholders and the outstanding shares at the end of the year	27 shareholders holding 6215 shares

The voting rights on the shares outstanding as on March 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares concerned.

j. Transfer of unclaimed / unpaid amounts to the Investor Education and Protection Fund ("IEPF"):

The un-claimed dividends for the financial year ended 31st March 1996 onwards and up to the financial year ended 31st March 2008 (Final dividend) were duly transferred to the Investors Education and Protection Fund set up by the Government of India in accordance with the Companies Act as applicable at the time of such transfer.

k. Registrars and Share Transfer Agents:

Karvy Computershare (P) Limited
 Karvy Selenium Tower B, Plot 31-32, Financial District,
 Nanakramguda, Serilingampally Mandal, Hyderabad -500032
 Phone:040-67161500, e-mail: einward.ris@karvy.com
 Toll Free No: 1800-3454-001, mailmanager@karvy.com, Website: karvycomputershare.com

l. Share Transfer System:

More than 97% of the shares of the Company are held in electronic form. Transfer out of these shares is affected through the depositories with no involvement of the Company.

As regards transfer of shares held in physical form, the transfer documents can be lodged either with the Company at its Registered Office or with the Company's Registrars and Share Transfer Agents, whose address has been given elsewhere in this report.

All proposals for transfer of shares held in physical form are scrutinized by the Company's Share Transfer Agents and, subject to the same being found to be in order, are approved jointly by the Joint Managing Director and the Company Secretary, who, for administrative convenience and speedy approvals, have been delegated with the necessary authority for the purpose by the Board of Directors, who note these transfers at subsequent board meetings.

m. Shareholdings particulars as on March 31, 2016

(i) Distribution of shareholdings as on March 31, 2016:

Shareholding range	Shares	%	Holders	%
50 and less	61452	0.35	2503	28.16
51 to 100	444687	2.56	4539	51.07
101 to 200	139280	0.80	768	8.64
201 to 300	76328	0.44	277	3.12
301 to 500	165491	0.95	364	4.10
501 to 1000	178001	1.02	221	2.49
1001 to 5000	341811	1.97	163	1.83
5001 to 10000	140116	0.81	20	0.23
10001 to 20000	111150	0.64	7	0.08
20001 to 50000	204989	1.18	7	0.08
50001 to 100000	51436	0.30	1	0.01
More than 100000	15473273	88.99	17	0.19
Total	17388014	100.00	8887	100.00



(ii) Shareholding pattern:

Description	Holders	Total		Held in Demat		Held in Physical form	
		Shares	%	Shares	%	Shares	%
Promoters - Individuals	9	8694873	50	8694873	100.00	0	0.00
Promoters - Bodies corporate	3	1204785	7	1204785	100.00	0	0.00
Mutual Funds	9	1038709	6	1037109	99.85	1600	0.15
Fis and Banks	6	5131	0	1181	23.02	3950	76.98
Foreign Institutional Investor	1	375000	2	375000	100.00	0	0.00
Domestic Bodies Corporate	207	4423881	25	4417805	99.86	6076	0.14
Public - Individuals holding more than 20000 shares	3	92908	1	92908	100.00	0	0.00
Public - Individuals holding 20000 and less shares	8443	1455456	8	964246	66.25	491210	33.75
NRIs	88	69623	0	69623	100.00	0	0.00
HUFs	107	27325	0	27325	100.00	0	0.00
Clearing Members	11	323	0	323	100.00	0	0.00
Total	8887	17388014	100	16885178	97.11	502836	2.89

n. Dematerialization of Shares and liquidity:

Trading in the shares of the Company has to be in the electronic form only. The Company has subsisting agreements with NSDL and CDSL for the purpose. The ISIN number for the company's shares is – INE229C01013. Shares representing 97% of the share capital were kept in dematerialized form as on March 31, 2016 as detailed below:

In physical form		In Demat Form				Total	
Shares	%	With NSDL		With CDSL		Shares	%
		Shares	%	Shares	%		
502836	2.89	16370743	94.15	514435	2.96	17388014	100

o. Details of outstanding GDR / ADR / Warrants or any other convertible instruments:

There are no outstanding GDR / ADR / Warrants or any other convertible instruments.

p. Plants Location:

1. Mattampally
Via: Huzurnagar
Nalgonda District
Telangana – 508204
Tel: 08683 - 247039
2. Pedaveedu Village
Via: Huzurnagar
Nalgonda District
Telangana – 508204
Tel: 08683 – 216533 / 247333

q. Address for investors related correspondence:

Company Secretary
Sagar Cements Limited
Registered Office:
Plot No.111, Road No.10, Jubilee Hills
Hyderabad – 500033
Tel. 040 – 23351571
Fax: 040 – 23356573
Email: soundar@sagarcements.in



10. Other disclosures

i. Related Party Transactions:

Full disclosures of related party transactions as per the Accounting Standard 18 issued by the ICAI have been given under note 2.38 of the Notes to Financial Statements of the Annual Accounts for the year ended March 31st, 2016. These transactions were entered into in the ordinary course of business and at arms length. There were no other materially significant transactions with Directors, their relatives or the Senior Management or other related entities that may have potential conflict with the interests of the Company at large. The Register of Contracts containing transactions, in which Directors are deemed to be interested, is placed before each meeting of the Board. All related party transactions had prior approval of the Audit Committee of the Board.

ii. Statutory compliance, Penalties and Strictures:

There was no instance of non-compliance by the Company on any matter relating to capital market during the last three years or any penalties imposed or strictures passed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to capital market during the said period.

iii. Establishment of Vigil mechanism, Whistle Blower Policy and affirmation

The Company has adopted a 'Vigil Mechanism' and 'Whistle Blower Policy' and affirm that no personnel has been denied access to the audit committee. The said policy has also been put up on the website of the Company.

iv. Compliance with Mandatory requirements and adoption of Non-Mandatory requirements:

(a) The Company has implemented all the mandatory requirements under SEBI (LODR) Regulations 2015, as currently in force.

(b) The audited financial statements of the Company are unqualified.

(c) The Internal Auditor directly make presentations and report to the Audit Committee on their reports.

(d) The policy on dealing with related party transactions (<http://www.sagarcements.in/PolicyonRelatedPartyTransaction.html>) and the policy for determining 'material' subsidiaries (<http://www.sagarcements.in/PolicyonMaterialSubsidiary.html>) are disclosed on the company's website.

(e) Reconciliation of Share Capital Audit:

A qualified practicing Company Secretary carries out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depositories Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialized shares held in demat form with NSDL and CDSL.

(f) The Company has also adopted Policy on Determination of Materiality for Disclosures and the said policy has also been put up on the website of the Company.

(g) Code of Conduct

The members of the board and senior management personnel have affirmed their compliance with the Code applicable to them during the year ended March 31, 2016. The annual report of the Company contains a certificate by the CEO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management.

11. The company has duly complied with the requirements of the Corporate Governance Report of Sub-para 2 to 10 of Schedule V, Part C.

12. The following discretionary requirements have been adopted pursuant to Part E of Schedule II of SEBI (LODR) Regulations 2015.

(a) The Company has separate Chairman and Managing Director.

(b) The Internal Auditors of the company are directly reporting to the Audit Committee.

13. The company is in due compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations 2015.



DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the company's website.

I confirm that the company has in respect of the year ended March 31, 2016, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Vice President and above cadre and the Company Secretary as on March 31, 2016.

Hyderabad
May 26, 2016

S.Veera Reddy
Managing Director

INDEPENDENT AUDITORS' CERTIFICATE

To the Members of Sagar Cements Limited

1. We have examined the compliance of conditions of Corporate Governance by Sagar Cements Limited ("the Company"), for the year ended on March 31, 2016, as stipulated in:
 - Clause-49 (excluding Clause-49 (VII) (E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
 - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 01, 2015 to March 31, 2016 and
 - Regulations 17 to 27 (excluding regulation 23(4) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulations 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, July 27, 2016



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.

Auditor's 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.

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.

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 1999-2000	109.40 19.60	82.00 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



BALANCE SHEET

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

Ganesh Balakrishnan
Partner

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 : Secunderabad
Date : May 26, 2016

Place: Hyderabad
Date: May 26, 2016

STATEMENT OF PROFIT AND LOSS



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

Ganesh Balakrishnan

Partner

Place : Secunderabad

Date : May 26, 2016

For and on behalf of the Board of Directors

S.Veera Reddy

Managing Director

S.Sreekanth Reddy

Executive Director

R.Soundararajan

Company Secretary

Place: Hyderabad

Date: May 26, 2016

Dr.S.Anand Reddy

Joint Managing Director

K.Prasad

Chief Financial Officer



CASH FLOW STATEMENT

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
<i>Adjustments for</i>		
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	- 2,470.26	(34,900.00) (31,837.52)
Operating profit before working capital changes	9,657.10	5,969.35
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
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
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
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	3,233.54
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)	(178.93)
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



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
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

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : May 26, 2016

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 26, 2016

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Chief Financial Officer



SIGNIFICANT ACCOUNTING POLICIES

SAGAR CEMENTS LIMITED

Notes forming part of the Financial Statements

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

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.

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.



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.



NOTES TO FINANCIAL STATEMENTS

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	2,00,00,000	2,000.00	2,00,00,000	2,000.00
	Preference shares of ₹ 10 each	20,00,000	200.00	20,00,000	200.00
	Total		2,200.00		2,200.00
	Issued, Subscribed and Paid-up				
	Equity shares ₹ 10 each	1,73,88,014	1,738.80	1,73,88,014	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 reporting period

Particulars	As at March 31, 2016		As at March 31, 2015	
	No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
Opening Balance	1,73,88,014	1,738.80	1,73,88,014	1,738.80
Shares issued during the year	-	-	-	-
Closing Balance	1,73,88,014	1,738.80	1,73,88,014	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	16,43,795	9.45%	16,43,795	9.45%
2. S. Aruna	13,69,545	7.88%	13,69,545	7.88%
3. S. Rachana	11,64,280	6.70%	11,64,280	6.70%
4. S. Anand Reddy	11,49,527	6.61%	11,49,527	6.61%
5. S. Sreekanth Reddy	10,85,757	6.24%	10,85,757	6.24%
6. S. Vanajatha	9,90,769	5.70%	9,90,769	5.70%
7. AVH Resources India Private Limited	32,77,711	18.85%	32,25,211	18.55%



Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

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)

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 ₹ 9,800 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.



Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

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

Notes forming part of the Financial Statements for the year ended March 31, 2016

2.11 FIXED ASSETS

(Rs. 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 (2,517.22)	340.97 (1,299.70)	- -	4,157.89 (3,816.92)	- -	- -	- -	- -	- -	4,157.89 (3,816.92)	3,816.92 (2,517.22)
Buildings	10,209.91 (10,064.96)	2,891.38 (144.95)	- -	13,101.29 (10,209.91)	3,171.27 (2,659.51)	595.74 (511.76)	- -	- -	3,767.01 (3,171.27)	9,334.28 (7,038.64)	7,038.64 (7,405.44)
Plant & Machinery	32,136.05 (31,633.38)	3,403.20 (502.67)	45.49 -	35,493.76 (32,136.05)	12,440.60 (11,450.23)	1,037.90 (990.37)	912.37 -	21.04 -	14,369.83 (12,440.60)	21,123.93 (19,695.45)	19,695.45 (20,183.15)
Furniture and Fittings	687.84 (683.46)	2.25 (4.38)	2.25 -	687.84 (687.84)	354.37 (225.23)	87.96 (128.84)	12.56 (0.30)	0.08 -	454.81 (354.37)	233.03 (333.47)	333.47 (458.23)
Office and Other Equipment	3,511.36 (3,499.78)	50.28 (11.58)	45.55 -	3,516.09 (3,511.36)	2,669.13 (2,399.02)	130.23 (248.94)	40.61 (21.17)	26.43 -	2,813.54 (2,669.13)	702.55 (842.23)	842.23 (1,100.76)
Electrical Installations	3,925.62 (3,925.62)	1,011.67 -	- -	4,937.29 (3,925.62)	2,588.68 (2,384.62)	256.45 (156.38)	154.73 (47.68)	- -	2,999.86 (2,588.68)	1,937.43 (1,336.94)	1,336.94 (1,541.00)
Computers	177.21 (164.71)	16.48 (12.50)	- -	193.69 (177.21)	157.12 (144.26)	9.38 (12.86)	- -	- -	166.50 (157.12)	27.19 (20.09)	20.09 (20.45)
Vehicles	751.54 (706.88)	81.41 (95.58)	37.57 (50.92)	795.38 (751.54)	514.95 (469.80)	87.52 (82.13)	3.54 (0.33)	10.12 (37.31)	595.89 (514.95)	199.49 (236.59)	236.59 (237.08)
Railway Sliding	- -	6,426.88 -	- -	6,426.88 -	- -	127.60 -	- -	- -	127.60 -	6,299.28 -	- -
Total (A)	55,216.45 (53,196.01)	14,224.52 (2,071.36)	130.86 (50.92)	69,310.11 (55,216.45)	21,896.12 (19,732.67)	2,332.78 (2,131.28)	1,123.81 (69.48)	57.67 (37.31)	25,295.04 (21,896.12)	44,015.07 (33,320.33)	33,320.33 (33,463.33)
B Intangible assets											
Computer Software	263.85 (263.85)	- -	- -	263.85 (263.85)	244.57 (216.13)	3.98 (19.19)	- (9.25)	- -	248.55 (244.57)	15.30 (19.28)	19.28 (47.72)
Total (B)	263.85 (263.85)	- -	- -	263.85 (263.85)	244.57 (216.13)	3.98 (19.19)	- (9.25)	- -	248.55 (244.57)	15.30 (19.28)	19.28 (47.72)
Total (A + B)	55,480.30 (53,459.86)	14,224.52 (2,071.36)	130.86 (50.92)	69,573.96 (55,480.30)	22,140.69 (19,948.80)	2,336.76 (2,150.47)	1,123.81 (78.73)	57.67 (37.31)	25,543.59 (22,140.69)	44,030.37 (33,339.61)	33,339.61 (33,511.05)

Note: Amounts in bracket represent previous year figures



Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

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



Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

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



Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

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)



Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
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
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	133.24
Printing and stationery	22.61	23.23
Communication	49.27	44.76



Notes forming part of the Financial Statements for the year ended March 31, 2016

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



Notes forming part of the Financial Statements for the year ended March 31, 2016

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	-

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



Notes forming part of the Financial Statements for the year ended March 31, 2016

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 administered 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).

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



Notes forming part of the Financial Statements for the year ended March 31, 2016

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

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	March 31, 2016	March 31, 2015
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

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.



Notes forming part of the Financial Statements for the year ended March 31, 2016

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.

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



Notes forming part of the Financial Statements for the year ended March 31, 2016

Purchase of Scrap		
BMM Cements Limited	24.53	-
Total	24.53	-
Sale of Scrap		
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	-



Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ 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 sharee

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 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

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



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.

Auditor's 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.

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.
- 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

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



CONSOLIDATED BALANCE SHEET

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		1,29,136.25
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
		1,07,250.09
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		1,29,136.25

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

Ganesh Balakrishnan
Partner

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 26, 2016

For and on behalf of the Board of Directors

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Chief Financial Officer

Place : Secunderabad
Date : May 26, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS



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 expense		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

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : May 26, 2016

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 26, 2016

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Chief Financial Officer



CONSOLIDATED CASH FLOW STATEMENT

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
<i>Adjustments for</i>	
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
<i>Changes in working capital:</i>	
<i>Adjustments for (increase) / decrease in operating assets:</i>	
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)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	
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
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
Managing Director

S.Sreekanth Reddy
Executive Director

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 26, 2016

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Chief Financial Officer



SIGNIFICANT ACCOUNTING POLICIES

SAGAR CEMENTS LIMITED

Notes forming part of the Consolidated Financial Statements

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 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.

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 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 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 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.



NOTES TO FINANCIAL STATEMENTS

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

Note	Particulars	As at March 31, 2016	
		No of shares	₹ in Lakhs
2.1	SHARE CAPITAL		
	Authorised		
	Equity shares of ₹ 10 each	2,00,00,000	2,000.00
	Preference shares of ₹ 10 each	20,00,000	200.00
	Total	2,20,00,000	2,200.00
	Issued, Subscribed and Paid-up		
	Equity shares ₹ 10 each	1,73,88,014	1,738.80
	Total	1,73,88,014	1,738.80

(a) **Reconciliation of equity shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	As at March 31, 2016	
	No of shares	₹ in Lakhs
Opening Balance	1,73,88,014	1,738.80
Shares issued during the year	-	-
Closing Balance	1,73,88,014	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	
	No. of Shares	% Holding
1. S. Veera Reddy	16,43,795	9.45%
2. S. Aruna	13,69,545	7.88%
3. S. Rachana	11,64,280	6.70%
4. S. Anand Reddy	11,49,527	6.61%
5. S. Sreekanth Reddy	10,85,757	6.24%
6. S. Vanajatha	9,90,769	5.70%
7. AVH Resources India Private Limited	32,77,711	18.85%



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

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	36,258.03
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
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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

- 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.
- 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 .



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

- 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.

(₹ in Lakhs)

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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	As at March 31, 2016
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 accrued 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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

2.11 FIXED ASSETS

(Rs. in Lakhs)

Description	Gross Block					Accumulated depreciation and amortization					Net block	
	Balance as at April 1, 2015	Additions	Disposals	Acquisitions through business combinations	Balance as at March 31, 2016	Balance at at April 1, 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 at at March 31, 2016	Balance at at March 31, 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	1,14,726.90	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	1,15,020.00	22,140.68	3,364.88	57.67	-	1,123.81	26,571.70	88,448.30





Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	As at March 31, 2016
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	133.27
Excise duty refund receivable	235.51
Total	1,155.79



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	For the year ended March 31, 2016
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
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 responsibility	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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

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 Fee	25.00
Reimbursement of audit expenses	0.40
	25.40

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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

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.

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 administered 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:

a) 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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

b) Reconciliation of opening and closing balances of fair value of plan assets (₹ in lakhs)

Description	For the 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

c) Reconciliation of fair value of assets and obligations

Present value of obligations	631.98
Fair value of plan assets	(434.54)
Amount recognized in the Balance sheet	197.44

d) Expenses recognised during the year

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

Actuarial assumptions	March 31, 2016
a) Mortality table (LIC)	2008-10 (ultimate)
b) Discounting rate	7.90%
c) Expected rate of return on plan asset	8.75%
d) Expected average remaining working lives of employees	17 years
e) 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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ in lakhs)

Particulars	Business segment		Total
	Manufacturing of cement	Power generation	
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
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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

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

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



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

(₹ 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

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 sharee

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.



Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2016

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

- 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

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

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033
CIN : L26942TG1981PLC002887

Tel.No.: +91-40-23351571 Fax No.: +91-40-23356573 E-mail: info@sagarcements.in Website: www.sagarcements.in

ATTENDANCE SLIP

**35th ANNUAL GENERAL MEETING ON WEDNESDAY, THE 28th SEPTEMBER, 2016 AT 4.00 P.M.
at Hotel Golkonda, Masab Tank, Hyderabad-500 028**

Folio No.	DP ID No.	Client ID No.
-----------	-----------	---------------

I/We hereby record my/our present at the Thirty Fifth Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 4.00 p.m. on Wednesday, the 28th September, 2016.

Name of the Member : _____ Signature : _____

Name of the Proxyholder : _____ Signature : _____

- Notes:
1. Only Member / Proxyholder can attend the Meeting.
 2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member / Proxyholder, sign this Attendance Slip and hand it over, duly signed at the entrance of the Meeting hall.
 3. A Member / Proxyholder attending the meeting should bring his/her copy of the Annual Report for reference at the meeting.

SAGAR CEMENTS LIMITED

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033
CIN : L26942TG1981PLC002887

Tel.No.: +91-40-23351571 Fax No.: +91-40-23356573 E-mail: info@sagarcements.in Website: www.sagarcements.in

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member (s) : _____

Registered address : _____

E-mail Id : _____

Folio No. / Client ID No. : _____ DP ID No. _____

I/We, being the member(s) holding _____ shares of Sagar Cements Limited, hereby appoint:

1. Name: _____ Email ID: _____

Address: _____

Signature _____ or failing him;

2. Name: _____ Email ID: _____

Address: _____

Signature _____ or failing him;

3. Name: _____ Email ID: _____

Address: _____

Signature _____

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Fifth Annual General Meeting of the Company to be held on **Wednesday, the 28th September, 2016 at 4.00 p.m.** at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof in respect of such resolutions as are indicated below:



Sl. No.	Description of Resolutions
1	Adoption of audited Statement of Profit and Loss, Balance Sheet, Reports of Board of Directors and Auditors thereon for the year ended 31st March, 2016 and the audited Consolidated Financial Statements.
2	Approval of the interim dividend already paid @ Rs.5/- per share on the equity shares of the company for the financial year ended 31st March, 2016 and confirmation of the same as the final dividend the said year.
3	Appointment of Dr.S.Anand Reddy, who retires by rotation and is eligible for re-appointment, as Director.
4	Appointment of Shri John-Eric Fernand Pascal Cesar Bertrand, who retires by rotation and is eligible for re-appointment, as Director.
5	Ratification of appointment of auditors.
6	Re-appointment of Shri S.Veera Reddy as Managing Director.
7	Re-appointment of Dr.S.Anand Reddy as Joint Managing Director.
8	Re-appointment of Shri S.Sreekanth Reddy as Executive Director.
9	Ratification of remuneration payable to the cost auditors.
10	Fixing the fee chargeable for serving documents through any particular mode as may be specified by a member.

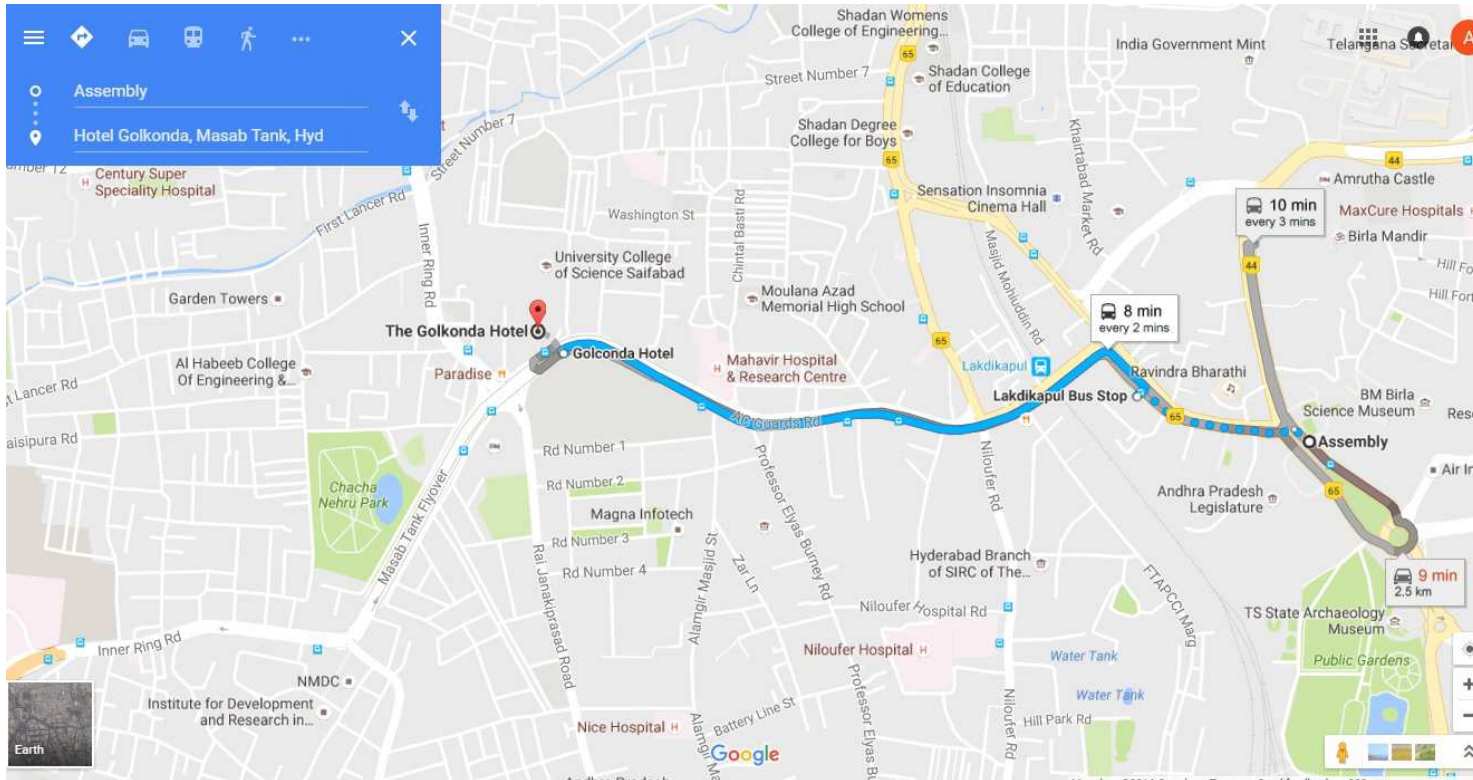
Signed this ____ day of _____ 2016

Please
affix
Re. 1/-
Revenue
Stamp

Signature of shareholder _____ Signature of Proxyholder(s) _____

- Note:**
1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, not less than 48 hours before the commencement of the Meeting.
 2. A proxy need not be a member of the Company.
 3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 35th Annual General Meeting of the Company.

ROUTE MAP FOR AGM





SAGAR CEMENTS LIMITED

CIN : L26942TG1981PLC002887

Registered Office :

Plot No.111, Road No.10, Jubilee Hills,
Hyderabad-500 033, Telangana, India

Tel: 040 - 23351571

Fax: 040 - 23356573

www.sagarcements.in

Leader in Special Cements

Ordinary Portland Cement
(OPC Grade 43 & Grade 53)

Sulphate Resistant Cement

Special Grade Ordinary
Portland Cement.

Special Cements