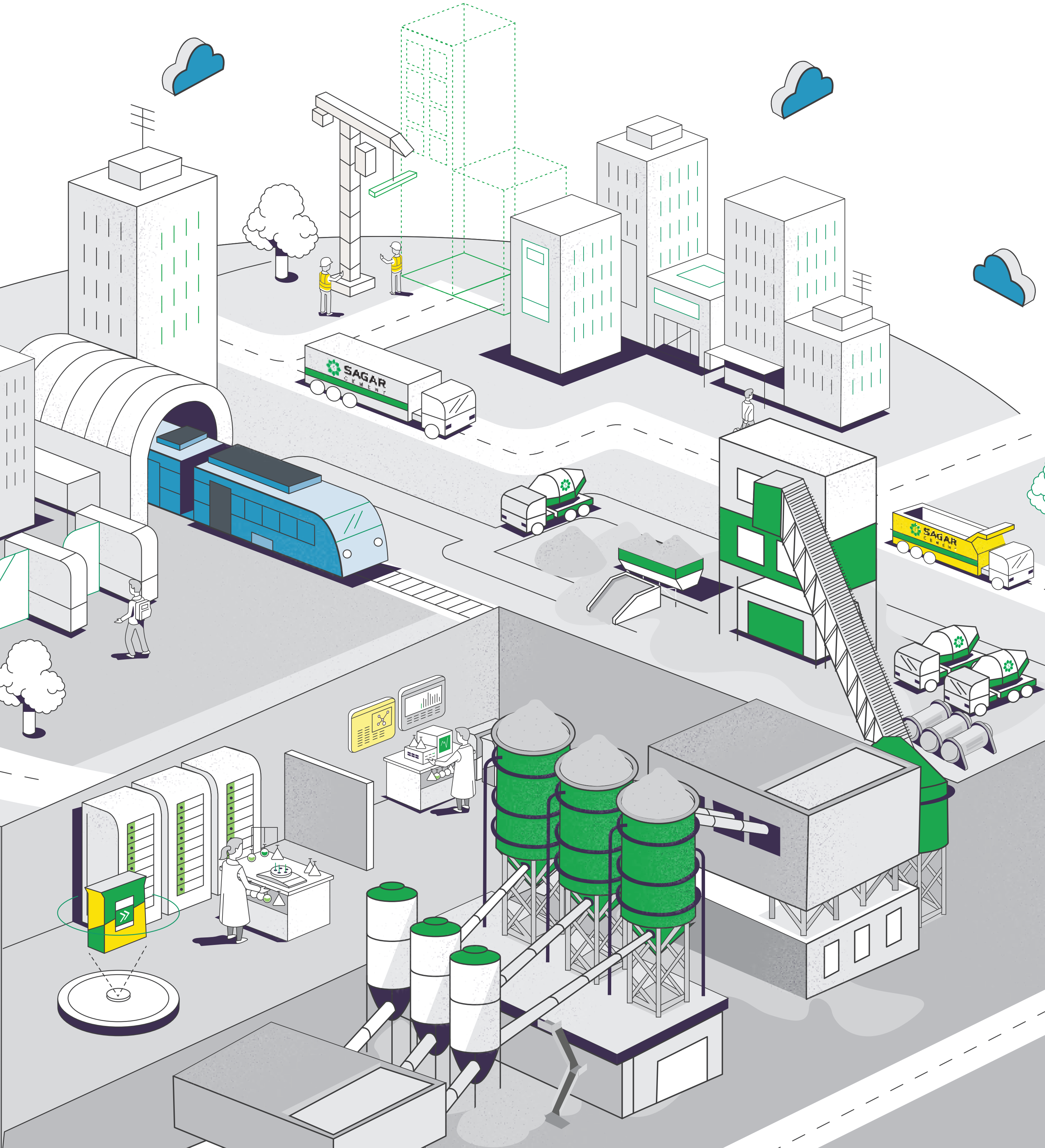
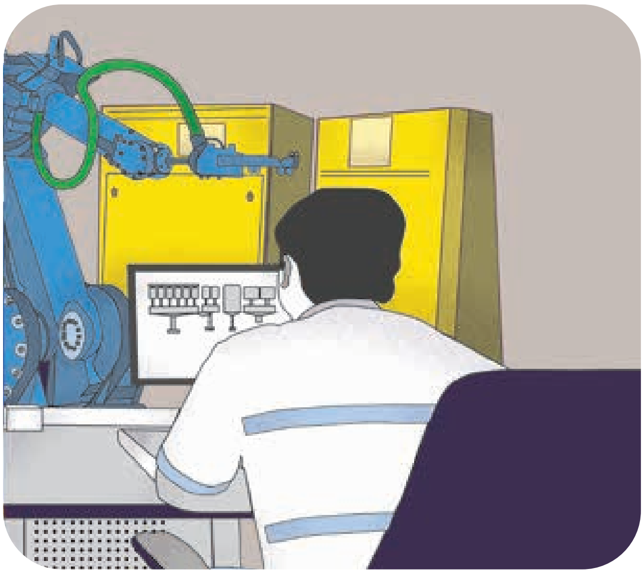
INTEGRATED REPORT
2019-20

SAGAR CEMENT



Inside this report



Stable.

An unblemished track record of consistently creating value for almost four decades

18-19

Scalable.

An ambitious growth plan to double installed capacity every 10 years

26-27

Sustainable.

An unwavering commitment to responsible stewardship, by giving back to our people, society and environment

40-41

Highlights FY2020

30,44,236 T
Cement production

₹ 1,17,515 Lakhs
Revenue

₹ 2,653 Lakhs
Profit after tax

Zero
Fatalities

70,563 MWh
Energy generated from green & renewable sources

₹ 84 Lakhs
CSR spend

1.71%
Thermal substitution rate (Mattampally)

100%
Water for industrial use is recycled

About this report

This is the first integrated report of Sagar Cements Limited (SCL), prepared in accordance with the guiding principles and content elements of the International Integrated Reporting <IR> Framework published by the International Integrated Reporting Council (IIRC).

The report's objective is to holistically present SCL's ability to create, retain and enhance value for all its stakeholders. The Company's integrated thought process is elucidated through its multi-capital-based business model, strategic framework, good governance practices, and strong financial and non-financial performance. The report also provides a detailed account of the organisation's credentials and its broad operating environment.

Reporting boundary and scope

The report includes material financial and non-financial information on:

- SCL, and its subsidiary Sagar Cements (R) Limited (SCRL), their manufacturing units at Mattampally and Gudipadu, and the grinding unit at Bayyavaram
- Multiple resources and relationships that the organisation relies on to create value and impact with its operations

Reporting period

This integrated report covers disclosures pertaining to the Company's developments between 1^{st} April 2019 and 31^{st} March 2020 (FY2020).

Statutory disclosures and financial statements

Sections of this document also comply with the requirements of the Companies Act, 2013 (and the rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015; and the Secretarial Standards issued by the Institute of Company Secretaries of India. Readers are invited to read them in conjunction with the contents prepared using the <IR> format to get a holistic view of our annual performance and future direction.

Responsibility statement

The Board of Directors and our Management together acknowledge their responsibility to ensure the integrity of this integrated report, to the best of their knowledge. The report has been authorised for release on 5^{th} August 2020.

Introducing Sagar Cements

At Sagar Cements Limited (SCL), we operate with a vision to provide foundations for the society's future, and are anchored with a steady commitment to consistent stakeholder value creation. For almost four decades, we have played a key role in establishing the cement cluster in the Krishna river belt and continue to pioneer many firsts in the South Indian cement industry.

Capacity and reserves

5.75 MTPA
Cement capacity

3.76 MTPA
Clinker capacity

977.97 MnT
Limestone reserves

61.55 MW
Power generation capacity with 33.06% green and renewable energy capacity

Awards

Recognised among the best

Best Employer Award from Telangana State Government for the years 2015 and 2017

State-level award for overall performance during Mines Safety Week from the Director General of Mines

GreenCo Gold Certificate from the Confederation of Indian Industries (CII) for our best practices at the Mattampally plant

GreenPro Award for blended cement products, for all our manufacturing facilities

Gudipadu plant, overview

Corporate overview

Growing with decades of trust

We commenced operations in 1985 with a mini cement plant having an installed capacity of 0.2 MTPA. Since then, we have maintained a clear growth focus, taking calibrated steps to consistently rise in capacity and value. Today, we are a prominent cement-manufacturer with an annual capacity of 5.75 MnT. We have achieved this with an organic brownfield expansion at our Mattampally unit (Telangana), an acquisition of a separate grinding unit of 0.15 MTPA at Bayyavaram (Andhra Pradesh) and expansion of the unit to its present capacity of 1.5 MTPA. We also acquired another cement manufacturing unit of 1.25 MTPA capacity at Gudipadu (Andhra Pradesh) which is currently a subsidiary under the name Sagar Cements (R) Limited (SCRL).

As we progress, we continue to be on our ambitious growth path and will be spreading our wings beyond South India. We are now taking our expertise to new demand-driver markets and are currently implementing two greenfield projects in Madhya Pradesh (1 MTPA cement manufacturing unit) and Odisha (1.5 MTPA grinding unit). We expect them to significantly aid our future growth and look forward to servicing the emerging demand in these regions.

Product spectrum

Ordinary Portland Cement (OPC)	Portland Pozzolana Cement (PPC)	Portland Slag Cement (PSC) (GreenPro certified)	Special cement	Ground Granulated Blast Furnace Slag (GGBS)
Includes 53 grade 43 grade			Includes • Sulphate Resistant Cement (SRC) • 53S grade	

Over the decades, we have meticulously nurtured a multi-layered and committed supply chain, comprising distributors, dealers, and Clearing and Forwarding (C&F) agents. This vast network is dedicatedly serviced by our in-house marketing team.

1,561 Dealers

3,586 Sub-dealers

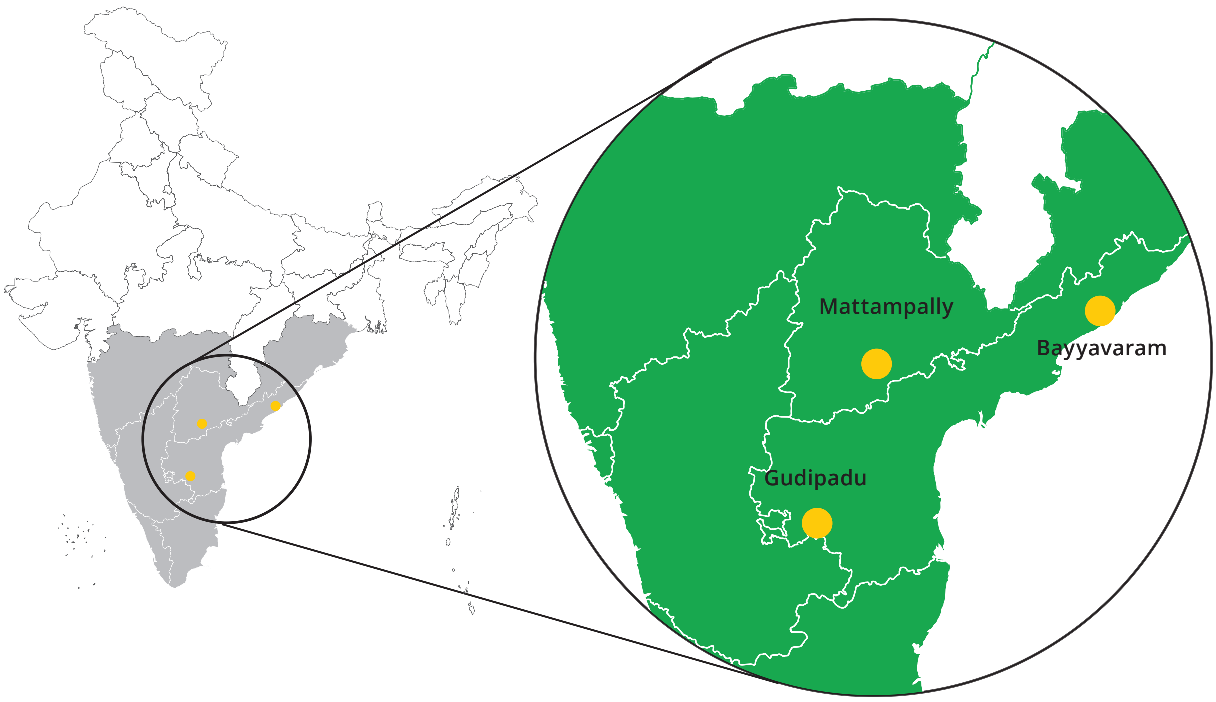
62 C&F agents

We have state-of-the-art, fully integrated and automated manufacturing facilities that comply with some of the world's best practices. Our ISO 9001:2015, ISO 14001:2015, ISO 50001:2018 and OHSAS 18001:2007 certifications validate our quality focus, process orientation and a commitment to sustainable operating practices. Further, we have also implemented the GreenCo certification process across our manufacturing units. Our blended cements received the GreenPro product certification. Implementation of ISO 26000 across our plants is in progress.

Mattampally plant, mining area

Our growing strength and reach

Two manufacturing plants and a grinding unit together enable our market position. With high locational advantage, they help us access both raw materials and key markets with ease, while maintaining a strict cost focus.



Sagar Cements Limited
Mattampally, Telangana

Capacity	3.0 MTPA
Capacity utilisation (FY2020)	47%
Key markets	Andhra Pradesh, Telangana, Tamil Nadu, Odisha, Maharashtra
Limestone reserves	815.04 MnT
Captive power	26.25 MW
Thermal power	18 MW
Green energy	10.05 MW

Sagar Cements (R) Limited
Gudipadu, Andhra Pradesh

Capacity	1.25 MTPA
Capacity utilisation (FY2020)	70%
Key markets	Andhra Pradesh, Karnataka, Tamil Nadu
Limestone reserves	162.93 MnT
Captive power	25 MW
Thermal power	25 MW

Sagar Cements Limited
Bayyavaram, Andhra Pradesh

Capacity	1.5 MTPA
Capacity utilisation (FY2020)	52%
Key markets	Vizag, Vizianagaram, Srikakulam, South Odisha
Captive power	8.42 MW
Green energy	8.42 MW

Resources and relationships

Creating value with our six capitals

Our ability to create lasting stakeholder value depends on the continued availability, accessibility and affordability of six key capitals, as defined below.

Financial capital

Our financial capital comprises the various sources of long-term and short-term funds that we receive from equity and debt sources. We transform our financial capital into various inputs in other capitals and through our value-accretive business activities, strive to create industry-leading returns for our capital providers.

₹ 1,02,059 Lakhs

Net worth

0.34

Debt-to-equity ratio

Manufactured capital

Our manufacturing capital includes our plants and equipment, and movable and immovable infrastructure. We continuously invest in state-of-the-art equipment with emphasis on proactive maintenance of these units, resulting in greater efficiency, consistent output quality and reduced environmental footprint.

Two ongoing expansion projects to add 2.5 MTPA to the overall portfolio and reach a total capacity of 8.25 MTPA

5.75 MTPA

Installed capacity in operation

2.5 MTPA

Installed capacity in construction

Intellectual capital

Continuous innovation is the cornerstone of our intellectual capital. Even in a commodity business like cement, an eye for innovation can lead to cost efficiency and sustainability, besides optimising profitability. We continuously seek improvement areas and collectively solve problems to enhance value and set benchmarks for the industry to emulate. This reinforces our brand prominence and thought leadership.

5 members

Strength of the R&D team

Human capital

We are proud to employ a workforce that is a good mix of homegrown talent and lateral hires from established corporates. Our people, together with their collective skillset, knowledge, experience and insights, comprise our human capital. Their loyalty and commitment provide us the strength and confidence to operate a stable and sustainable business. Their health, safety and holistic wellbeing, combined with continuous competency enhancement, are central to our operations, and we strive to regularly inspire, upskill and empower them.

State-level award for overall performance during Mines Safety Week

747
Employees

57%+
Employees who have completed 10+ years service*

₹ 6,487 Lakhs
Value of employee benefits disbursed

*Mattampally plant

Social and relationship capital

Our operations mandate maintaining healthy relationships with multiple stakeholders along the cement value chain, such as suppliers, distributors, customers, bankers and others. Together with the communities in our direct impact zones, they form our social and relationship capital. Continuously engaging with them to create win-win propositions is integral to our business and in maintaining our social licence to operate.

'Sagar Cement' - A trusted brand of almost four decades with high customer recall

₹ 84 Lakhs
CSR expenditure in FY2020

16,000
Beneficiaries

465
Vendor engagements in FY2020

Natural capital

We mine the limestone from the quarries we have the licence to and utilise every grade of limestone that we unearth. We also depend on renewable and non-renewable sources for our energy requirements. We accord the highest priority to the sustainable use of such natural resources and waste disposal, and constantly strive to minimise our environmental footprint.

'Zero-reject' mine operations

Water positive as an organisation

Awarded GreenPro certification for blended cement products, for all our manufacturing facilities

977.97 MnT
Total limestone reserves

8.8 MW
Capacity at Mattampally waste heat recovery plant

Our journey

Strong commitment to build capacity and capability

Over the past thirty nine years, we have traversed a long and rewarding path, doubling our capacities every 10 years.

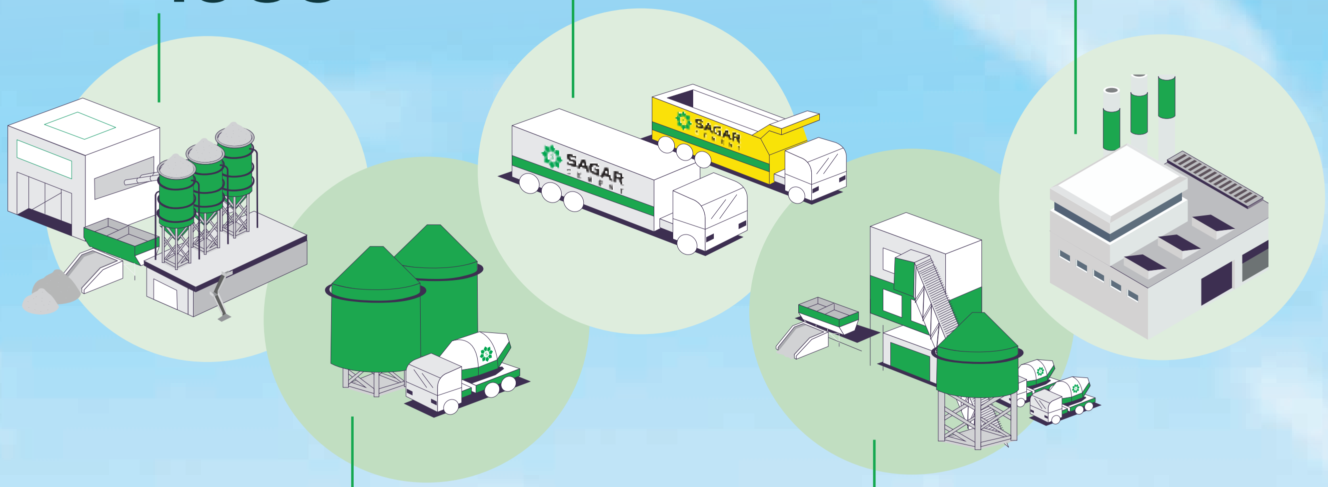
0.20 MTPA
Mini cement plant established
1985

1988
Doubled capacity
0.40 MTPA

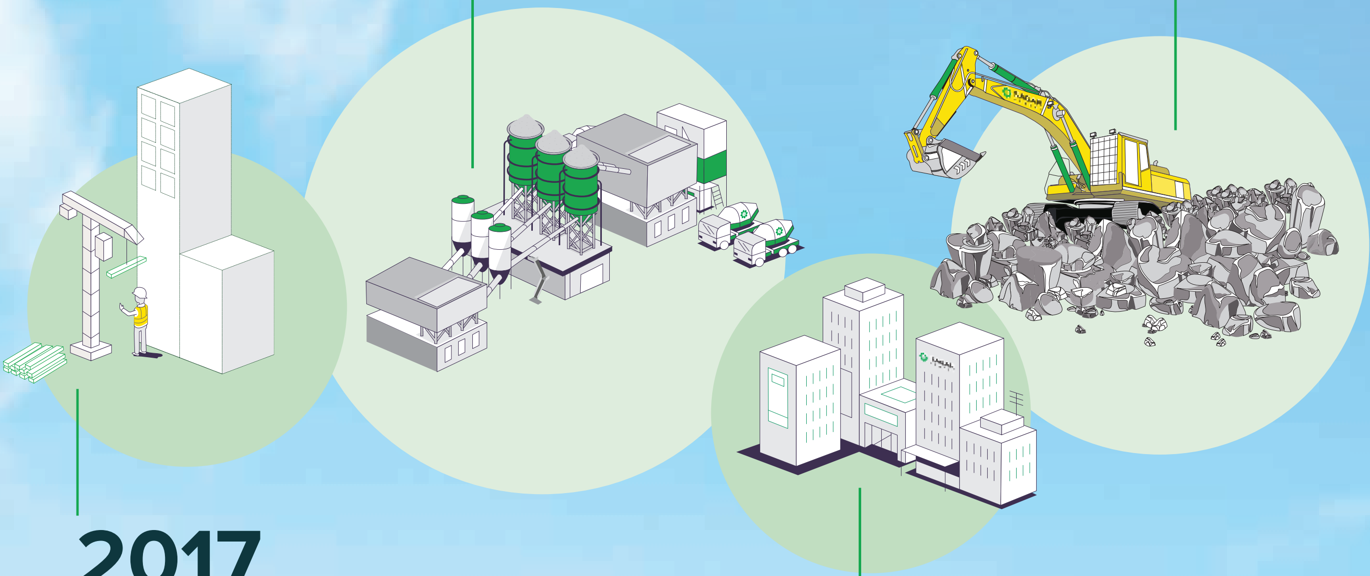
2.75 MTPA
Established brand in the market
2008

2015
Acquired a 1.0 MTPA plant from SCRL Cement (with proceeds from Vicat JV SCL stake sale)
4.0 MTPA

4.15 MTPA
Acquired the unit in Bayyavaram
2016



Mattampally plant



2017

- Consolidated position in the South
- Expanded in the East
- Gradually ramped up the Bayyavaram capacity to 0.3 MTPA

4.30 MTPA

2018

5.75 MTPA

- Bayyavaram capacity ramped up to 1.5 MTPA
- SCRL production ramped up to 1.25 MTPA

2021

To add 1.0 MTPA and 1.5 MTPA through acquisitions in Madhya Pradesh and Odisha, respectively

8.25 MTPA

2025

10.00 MTPA

Through organic and inorganic growth

Our investment case

Growth is our only constant

At SCL, we are well positioned to evolve and operate in a scenario that is expected to witness large-scale future demand, despite current challenges. We are confident of our intrinsic capabilities and the strategies that we have put in place for the next orbit of growth and sustainability.

Professional management with strong execution track record

At SCL, our operations and strategy are driven by well-qualified and well-experienced senior management personnel. We are also actively guided by our distinguished Board, which sets our overall organisational direction and evaluates the holistic progress of the organisation against its strategic focus areas.

The strengths of our management

- Professional management with almost four decades of experience and an in-depth understanding of the market and customer behaviour
- Proven track record of setting up greenfield plants
- Ability to acquire and integrate plants and processes
- Most of the senior management personnel have been part of our family for more than a decade

Read more about our Board and management on pages 54-57

Encouraging financial, operational and ESG performance

Review our operational and financial performance on Pages 12-13

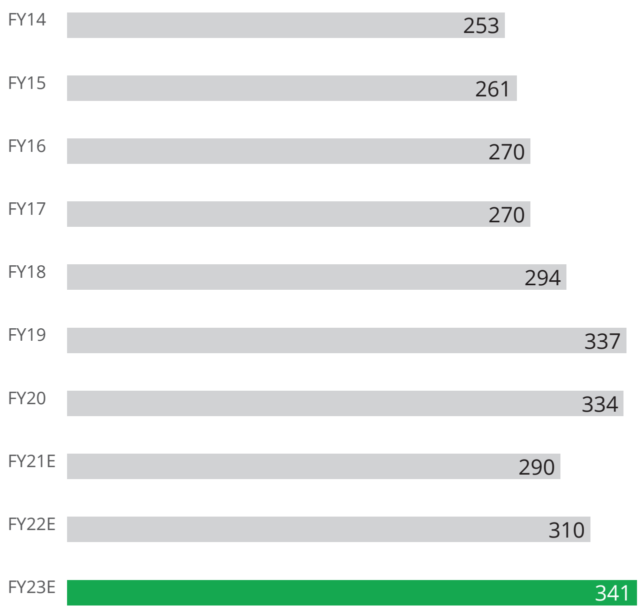
Review our ESG strategy, initiatives and performance on Pages 40-41

A well-timed and prudent strategic expansion plan

In India, the cement industry demand oscillates every five to six years between the up and down cycles. The last up cycle commenced in FY2016 and is expected to continue at least until FY2021. We are capturing this buoyancy in demand with our recently acquired SCRL and Bayyavaram units with superior access and short lead distance to increase profitability, while reducing Scope 3 emissions.

We are also deepening our market presence in the Eastern belt with the Bayyavaram grinding unit's strategic location (of being close to the market and having slag available locally), and clinker availability from the mother plant at Mattampally.

Cement demand cycle movement between FY2014 and FY2023 (E)



Note: Cement demand in MTPA

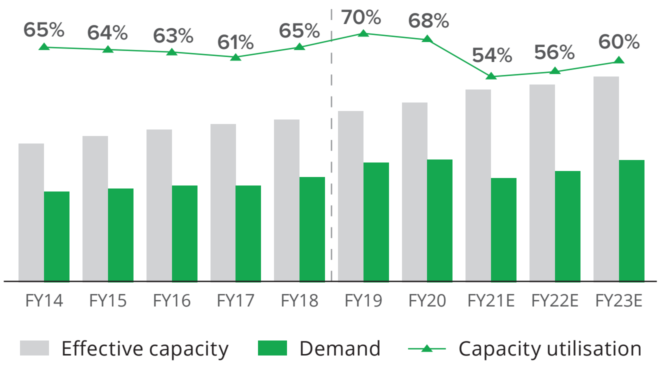
Ready to capture the demand revival in South India

The South Indian market has seen a declining demand scenario until recently, leading to the prevalence of excess production capacities and stunted capacity utilisation levels. However, post the formation of the state of Telangana and the announcements of various infrastructure scheme, demand revival is inevitable, with large-scale opportunities for players like SCL.

In the period between FY2017 and FY2021, the expected demand growth is around 5-6%, while the capacity addition CAGR will be to the tune of 2.8%. This directly contributes to better capacity utilisation levels at around 60% in the coming three years for the existing cement manufacturers in the region.

Demand, capacity and utilisation levels between FY2014 and FY2023 (E)

	FY14-18	FY19-23E
Capacity utilisation CAGR	0%	(3)%
Demand CAGR	3%	0.4%
Avg. utilisation	>65%	59%



SCL is ready to serve the upcoming demand with strong production and marketing presence

- We have built a strong presence across key southern markets, diversifying our base from Andhra Pradesh and Telangana (AP&T).
- We are present across all five key states in South India – Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala. We are also making inroads into Maharashtra and southern Odisha.
- Our units are close to our key markets, particularly in AP&T. The average lead distance across key markets is ~300-500 km and have extensive reach to other select markets.
- Strong brand presence built on almost four decades, is backed by a deep distribution network of 1,561 dealers and 3,586 sub-dealers.

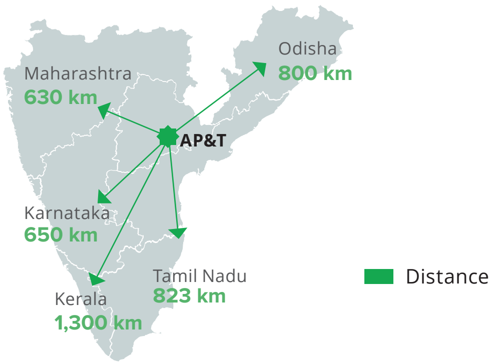
Synergies from acquisitions to drive multiple benefits

Our strategic acquisition of SCRL and Bayyavaram plants, in FY2016 and FY2017, respectively, were a shot in the arm to achieve market access and cost advantages.

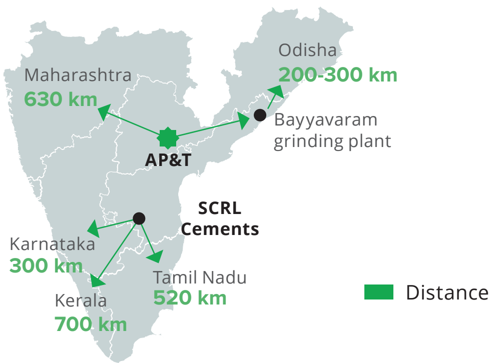
The SCRL acquisition, leading to better access and significant costs synergies, will act as the key catalyst for SCL to emerge as a strong force in the southern markets with superior lead distance factor. The Bayyavaram unit, on the other hand, acts as a vehicle for accessing the eastern markets, starting with southern Odisha. It also drives demand for clinker from our Mattampally plant, which is grinded at the Bayyavaram unit.

Market access and lead distance pre and post acquisitions

Pre acquisitions



Post acquisitions



Maharashtra Karnataka Odisha Tamil Nadu

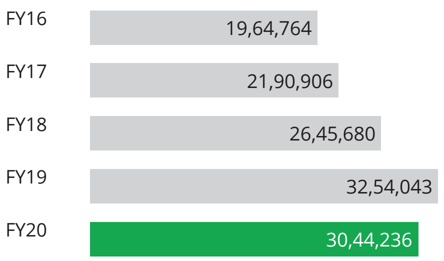
Financial and operational performance

Consistent and stable track record

Operational indicators

Cement production

(in T)

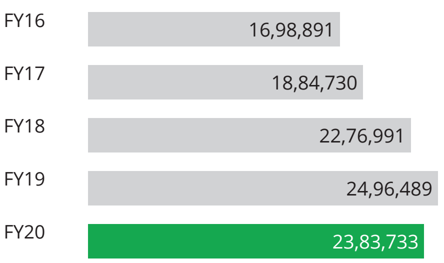


▼ 6%
y-o-y

▲ 9%
5-year CAGR

Clinker production

(in T)



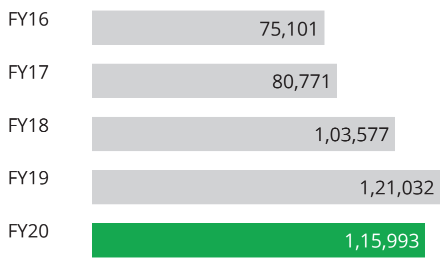
▼ 5%
y-o-y

▲ 7%
5-year CAGR

Profit and loss indicators

Net sales

(₹ Lakhs)

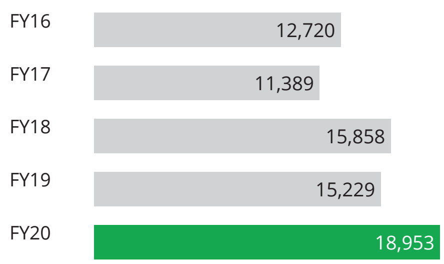


▼ 4%
y-o-y

▲ 9%
5-year CAGR

EBITDA

(₹ Lakhs)

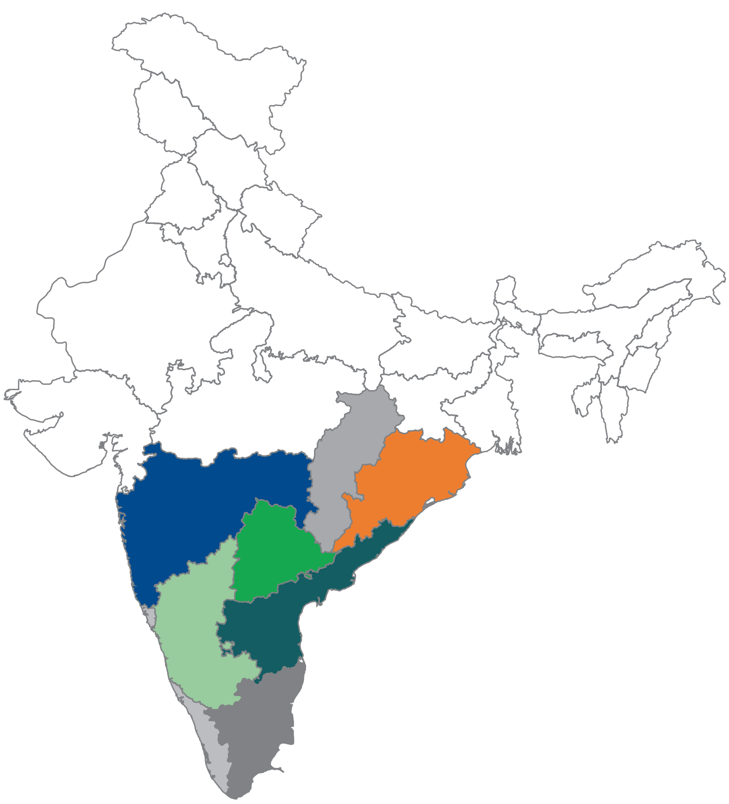


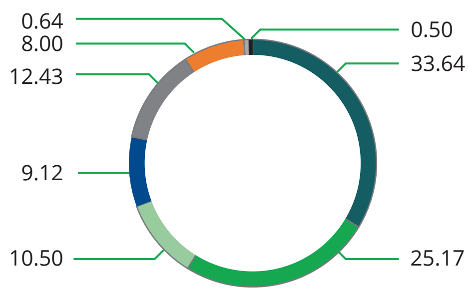
▲ 24%
y-o-y

▲ 8%
5-year CAGR

Region-wise sales FY2020

(%)



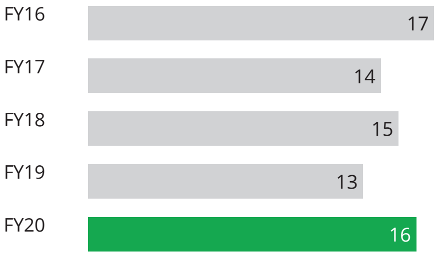


(in T)

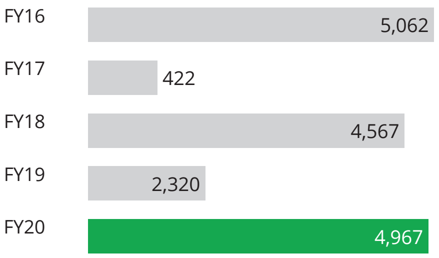
- Andhra Pradesh - **10,53,244**
- Telangana - **7,88,223**
- Karnataka - **3,28,902**
- Maharashtra - **2,85,560**
- Tamil Nadu - **3,89,255**
- Odisha - **2,50,598**
- Chhattisgarh - **19,956**
- Others - **15,565**

Profit and loss indicators

EBITDA margin
(%)

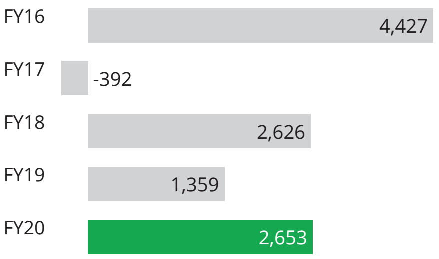


Profit before tax
(₹ Lakhs)



▲ 114%
y-o-y

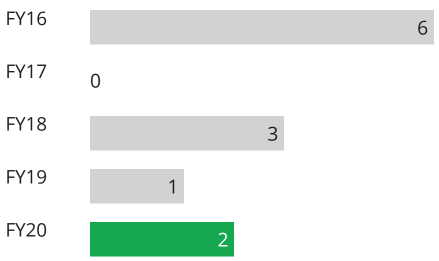
Profit after tax
(₹ Lakhs)



▲ 95%
y-o-y

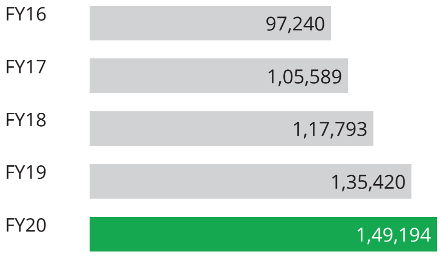
▼ 10%
5-year CAGR

PAT margin
(%)



Shareholder indicators

Net fixed assets*
(₹ Lakhs)

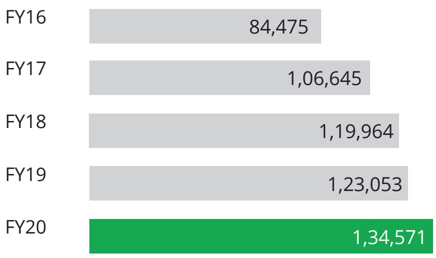


▲ 10%
y-o-y

▲ 9%
5-year CAGR

* Includes goodwill

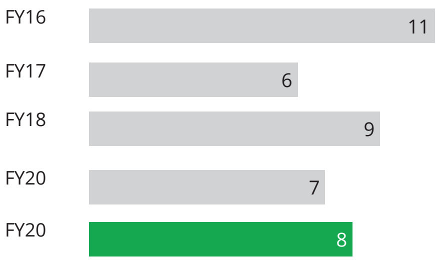
Average capital employed
(₹ Lakhs)



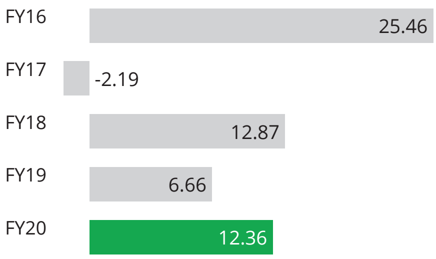
▲ 9%
y-o-y

▲ 10%
5-year CAGR

Average Return on Capital Employed (RoCE)
(%)



Earnings per share
(₹)

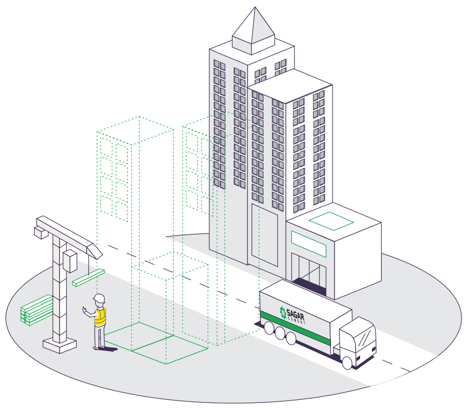


▲ 86%
y-o-y

▼ 13%
5-year CAGR

Chairman's note

Demonstrating holistic performance



"We have what it takes to play a significant role in India's growth story. With the right investments, the right intent and the right approach, we will cross many more milestones in the coming years."

Dear Stakeholders,

It is a moment of pride for all of us to present to you our proposed first ever integrated report, as part of our continued commitment to transparent and holistic stakeholder communication.

This report would highlight the entire spectrum of our value creation process, with the relevant resources that are deployed and relationships that are involved in producing the desired outputs and outcomes. SCL is one of India's first cement companies to adopt Integrated Reporting <IR> to raise the bar in transparent stakeholder communications.

Notwithstanding the COVID-19 catastrophe, when I look back at FY2020, I can say that the year was a mixed bag. While at the start of the year global growth was stunted, towards the fourth quarter, we could see some easing in geopolitical uncertainties and protectionist measures adopted by various countries. However, global growth was fragile and prone to various headwinds.

"The cement sector is a huge helping hand in supporting infrastructure creation and has an important correlation with the socio-economic prosperity of any nation."

India continued to suffer from structural impediments such as credit crunch, low private capex and tepid consumption. The Reserve Bank of India (RBI) announced significant rate cuts to infuse additional liquidity in the economy and undertook various regulatory initiatives to reinstate the trust of stakeholders in the banking and financial sector. This was needed to support India's growing appetite for capital, bolster economic growth and enhance the quality of life of average citizens.

Infrastructure creation is critical to take the economy to the next orbit of growth. During the year, the Government of India announced a National Infrastructure Pipeline with a proposed investment of ₹ 102 Lakhs Crores, which is expected to go a long way in making India a US$ 5 trillion economic powerhouse by 2024.

In India, the cement demand was subdued in the first half owing to cautious sentiment during the parliamentary elections, while extended monsoons eroded demand in the second half. The result was stagnant sectoral growth (1.5-2%). That said, with large-scale infrastructure projects being planned, the cement industry is expected to benefit in the medium to long term.

SCL has undertaken two capacity expansion projects in Madhya Pradesh and Odisha. Our majority stake investment in Satguru Cements Private Limited, a 1 MTPA cement production facility, enhances our presence in the central Indian markets. Similarly, our full ownership of Jajpur Cements Private Limited, a grinding unit with a 1.5 MTPA capacity, strengthens our capability to fully serve the eastern belt. Both these greenfield projects are expected to be completed by September 2021 and our units in Mattampally, Gudipadu and Bayyavaram will chart a new growth chapter for SCL.

Even amidst a dynamic and challenging year, we delivered a relatively robust performance, with a slight dip in the revenue but a significant increase in profitability at both operating and net levels. It's a good reflection of our unwavering cost focus, larger use of technology and long-standing commitment from our people. I applaud the management for holding the ground and delivering such results, even amidst challenging times.

With the world combating emerging risks such as environmental degradation and climate change, the need for all businesses to pursue Environmental, Social and Governance (ESG) priorities has become a standard ask.

Good mining practices, technology-led and data-driven manufacturing processes, proactive waste reduction, strict emission control and increased use of renewable energy comprise our key environmental priorities. On the social front, our continued engagement with local communities ensure that they can also partner our prosperity. In the past three years, we have spent nearly ₹ 3 Crores on corporate social responsibility initiatives, with intervention areas ranging from infrastructure building to education and providing healthcare services to the disadvantaged sections of the society.

I must acknowledge the contribution of our 1,800+ workforce on behalf of the Board and the leadership team. Their boundless passion and untiring efforts have made us what we are today.

Having associated myself with your Company as its Chairman for nearly four decades, I am leaving the board with a sense of satisfaction over my contribution to its growth.

We have what it takes to play a significant role in India's growth story. With the right investments, the right intent and the right approach, I am sure your Company will cross many more milestones in the coming years. In this journey, I seek your continued support and guidance to it.

Yours truly,

O. Swaminatha Reddy

Date 24th June 2020

Interview with the MD and JMD

Creating consistent value

Dr. S. Anand Reddy
Managing Director

Mr. S. Sreekanth Reddy
Joint Managing Director

"For us, ESG is very much a part of who we are. We have always accomplished business outcomes with a sense of purpose and responsibility."

Q. What were the priority areas for the FY2020 and how did you deliver on your stakeholder commitments?

We can state unambiguously that the year saw continued focus on our investments, operational efficiency and expansion of our presence in the markets where we operate. Despite a lukewarm demand scenario owing to the existing volatility in the macroeconomic landscape and the unprecedented pandemic making businesses difficult to operate, we managed to navigate the challenges in the best way possible. Encouragingly, the reporting period witnessed a lot of initiatives undertaken on the environmental, social and people fronts.

Q. How do you expect the recent COVID-19 outbreak to impact the cement industry and SCL in particular?

The world is grappling with a pandemic of an unprecedented scale. While the full impact of COVID-19 is yet to be ascertained, we are already seeing disruption in global supply chains, manufacturing, international trade, travel, tourism and lives of common people across nations. It is heartening to note that the Government of India has already announced a ₹ 20 lakh crore economic relief package to support citizens during this difficult period.

Therefore, the problem is not restricted to one economy or a sector, and the COVID -19 dynamics is still evolving. Undeniably, like all other industries, we also faced financial and operational challenges. There has been a temporary impact during the full lockdown, primarily owing to the halt in movement of people, equipment and goods. However, we have seen a recovery of action as the lockdown started to lift. We are evaluating the situation as it progresses and are optimistic about the medium and long term. We have always worked around challenges, be it micro or macro, and have emerged stronger. We can say with reasonable confidence that this time it will be no different.

Q. Can you comment on SCL's financial and operational performance in FY2020?

FY2020 would have been a better year, had the recent disruptions not manifested in the final quarter owing to COVID-19. The pandemic has hampered our overall operations, specifically impacting capacity utilisation and cargo movement. That said, a strong performance in the first half of the year, combined with cost rationalisation efforts, cushioned this impact. This was further complemented by benign input prices in the market. Together, they significantly boosted our profitability, with the year registering an EBITDA of ₹ 189.53 Crores (24% y-o-y increase) and a PAT of ₹ 26.53 Crores (95% y-o-y increase). This is quite heartening.

Q. What are the emerging trends that you are observing in the market? How do you plan to capitalise on them?

We are happy to share that we can see significant demand emanating from eastern India. To address this incipient demand, we have undertaken two capex projects in Madhya Pradesh and Odisha. Interestingly, we are also witnessing encouraging demand for slag-based cement and are well-positioned to capture this with clinker from our existing mother plant in Mattampally and the grinding unit in Bayyavaram.

Q. ESG is the new priority area for businesses in India and the world. How do you view this in the context of SCL and how has been your ESG performance been?

For us, ESG is very much a part of who we are. While we have called it EHS or sustainability in the past, in essence, we have always accomplished business outcomes with a sense of purpose and responsibility.

On the environmental front, we are focusing primarily on energy, emissions and mining practices. We have set up solar energy plants and hydel power to fuel our non-kiln power needs, offsetting considerable reliance on thermal power for such requirements. To repurpose the waste heat from the kilns, we have also installed waste heat recovery plants, which, again, positively contribute to our energy portfolio.

Socially, we have always been a responsible corporate citizen and it's our priority to understand the needs of the community with empathy and act upon them. In the past three years, we have contributed close to ₹ 3 Crores to these interventions and have actively participated in the community development initiatives.

Our social interventions also pertain to our relationships with other stakeholders, including vendors and dealers, transport partners, industry bodies, peers and so on. We engage with them regularly and focus on crafting win-win propositions. On the governance front, we believe we've always been among the industry frontrunners. Our Board is a good mix of independent, non-independent, executive and non-executive members, helmed by an independent Chairman. Together, they enrich us with useful industry insights. We are mindful of our priorities and continue to deliver on our strategy and commitments.

Q. What are your key focus areas, going forward?

We can identify four broad priority areas, going forward. First, we will continue to pursue our growth blueprint of doubling our capacity every 10 years. This positions us to constantly challenge ourselves, raise the bar and deliver industry-leading returns on our capital employed. Second, it's important that we maintain razor-sharp cost focus on everything that we do, thus driving our margins and the overall profitability.

Third, we will continue to adopt best-in-class technology for our units to remain ahead of the curve. In our experience, advanced technology translates into better scalability and efficiency. Finally, and most importantly, we will continue to be responsible to our people, society and the environment, and create enduring value for all stakeholders.

How do we create value?

At SCL, value creation is anchored on a business model that strives to optimise value across multiple capitals and stakeholders. We operate this model with due consideration of key matters that our internal and external stakeholders deem important and that feed into our strategy-making process.

Gudipadu plant, mining area

Stable.

Value creation model

Better outcomes with efficiency at the core

VISION & MISSION

INPUTS

Financial capital

Equity: ₹ **2,228 Lakhs** Debt: ₹ **48,801 Lakhs**
Retained earnings: ₹ **43,283 Lakhs**
Capital commitment as on 31st March 2020: ₹ **48,428 Lakhs**

Manufactured capital

Number of cement plants: **3** Number of grinding units: **1**
Total installed capacity of cement production: **5.75 MTPA**
Total installed capacity of clinker production: **3.76 MTPA**
Number of thermal power plants: **2** Number of solar stations: **2**
Number of waste heat recovery plants: **1**
Total waste heat recovery capacity: **8.8 MW**
Total solar power capacity installed: **1.45 MW**
Total hydro power capacity: **8.30 MW**
Number of offices: **8** Number of warehouses: **62**
Total value of net fixed assets: ₹ **1,49,194 Lakhs**

Intellectual capital

Digitalisation initiatives with installation of software such as Pile Expert, Blend Expert, Process Auto Control, CFD Analysis and Plant Guide MIS

Quality assurance initiatives such as robotic laboratory, online samplers and analysers, concrete laboratory, optical microscope and auto quality process control

Location strategy, digitally enabled logistics planning and lead distance planning

Human capital

Employees: **1,855** Total hours of training provided: **18,671**
People employed for >10 years within SCL: **167**
Employees belonging to local communities: **424**

Social and relationship capital

Total CSR expenditure: ₹ **84 Lakhs** Distributors: **1,561**
Memberships in industry bodies – CII and CMA Supporting local vendors

Natural capital

Total limestone mine reserves: **977.97 MnT**
Limestone mined: **3.4 MnT** Total coal used: **0.28 MnT**
Freshwater withdrawal: **1,97,885 kL**
Direct energy consumed at kilns: **12,48,745 million K Cal**
Indirect energy consumed: **86,514 MWh (excluding RE)**
Solar power consumed (net): **1,689 MWh**
Thermal substitution rate: **1.71% (Mattampally), 0.42% (Gudipadu)**
Fly ash consumed: **0.25 MnT**
Gypsum consumed: **0.09 MnT** Slag consumed: **0.33 MnT**

STRATEGY AND RESOURCE ALLOCATION

ACTIVITIES

Value chain

Upstream activities	Downstream activities
Mining	Packaging
Raw material procurement	Outbound logistics
Inbound logistics	Distribution and marketing
Clinker production	End use
Grinding	Waste collection and recycling

Support functions

Energy management
Human resources and administration
IT and digital
Quality
Environment management
Research and development
Secretarial and legal
Finance and accounts

EXTERNAL ENVIRONMENT

GOVERNANCE

OUTPUTS

18,55,796 T
Ordinary Portland Cement (OPC)

7,38,911 T
Portland Pozzolana Cement (PPC)

3,14,126 T
Portland Slag Cement (PSC)

21,905 T
Sulphate Resistant Cement (SRC)

1,13,459 T
Ground Granulated Blast Furnace Slag (GGBS)

Emissions

SOx: **5.64 mg/nm³**

NOx: **352.50 mg/nm³**

Dust: **13.8 mg/nm³**

GHG: **0.715 tCO_2e/t of cement eq (Scope 1+2+3)**

Solid waste

Steel scrap: 739.4 T

Tyres, oils, grease, and others: 127.197 MnT

Liquid waste

Zero Effluent discharge

PERFORMANCE

RISK MANAGEMENT

OUTCOMES

Financial capital

Revenue: **₹ 1,17,515 Lakhs**
EBITDA: **₹ 18,953 Lakhs**
PAT: **₹ 2,653 Lakhs**
RoCE: **8%**
EPS: **₹ 12.36**
Dividend declared: **25%**

Manufactured capital

Capacity utilisation: **53%**
Plant availability: **100%**
Increase in the production of high-margin products: **3%**

Intellectual capital

Key process improvements achieved during the year: **15**
Cost savings from digitalisation: **₹ 511.06 Lakhs**

Human capital

LTIFR: **0.658 (Mattampally)**
Fatalities: **Nil**
Growth in number of safe man-hours: **6,02,666**
Per-tonne productivity per employee: **2,665 (Mattampally)**
Employee retention rate: **90%+ in all locations**
Employees promoted: **69**

Social and relationship capital

Beneficiaries of CSR activities: **16,000**
Vendors engaged with: **19,497**
Customer complaints resolved: **100%**
Credit rating: **IND A-/Stable**
Contribution to the exchequer: **₹ 29,154 Lakhs**

Natural capital

Wastewater recycled: **81,696 kL**
Waste heat recovered: **44,042 MWh (Mattampally)**

Stakeholder engagement

Co-creating value through dialogue and empowerment

We respect the expectations of our stakeholders and protect their interests. Continuous dialogue and mutually rewarding relationships with all stakeholder groups strengthen our social licence to operate. Our interactions with stakeholders at strategic and functional levels provide us with a broader lens to analyse our key opportunities and risks and take corrective actions.

Identifying our stakeholders

We define our stakeholders as those who can significantly impact or be impacted by our business. Through our day-to-day operations and interactions, we have identified our most important stakeholder groups, whose views are relevant to us. We also undertook a peer analysis to compare and align our list of important stakeholders with those of leading global and Indian cement companies.

Dealers meet at Bayyavaram plant

Stakeholder groups
Providers of financial capital
Customers
Employees
Channel partners
Suppliers
Government, regulators and policymakers
Community
Environment
Influencers

	How do they impact SCL's ability to create value?	How does SCL create value for them?
Equity and debt investors	Investors can significantly affect the capital inflow to the organisation that helps it conduct operations and grow the business.	SCL creates value for investors by delivering above average return on investments through dividends and appreciation of share value.
Wholesale and retail customers	Customers drive demand for the Company's products and services and contribute to the organisation's sustenance and growth.	Quality cement across different grades, made available at affordable prices, help customers meet their construction needs.
On-roll and on-contract workforce	Employees are one of the most important resources of a company and their combined skills and competencies drive its success.	The organisation creates value for its employees through benefits and compensation, training and career development, and takes care of their overall health and wellbeing.
Dealers, retailers, C&F agents and transporters	Channel partners stock and distribute the Company's products to end consumers.	The business model of channel partners depends on stock availability from companies such as SCL.
Sources of raw material, plant and equipment and other service providers	Suppliers help address the Company's raw material requirements and other support functions.	The business model of various suppliers depends on the demand from companies such as SCL.
Central and state governments and their respective ministries, stock exchanges, SEBI, RBI and other statutory or non-statutory bodies that can influence policymaking.	Policies and regulations that impact cement manufacturing at various stages, and general functioning of the corporate sector can have a material impact on the Company's ability to create value.	Through direct and indirect taxes and contribution to larger economic value creation, SCL helps the government and regulators, and the nation at large.
Local communities in and around our plant operations	SCL, like any other manufacturing entity, requires a social license to operate, which is obtained from the communities living around its area of operations.	As a responsible corporate citizen, SCL gives back to the communities through employment, CSR initiatives and infrastructure support.
The tangible and intangible natural ecosystem and the bodies that represent its interests [Ministry of Environment, Forest and Climate Change (MoEFCC), International Union for Conservation of Nature (IUCN), etc.]	Cement is a resource-intensive industry, and depends heavily on limestone, land, water and energy to run its operations.	Cement is an industry that leaves behind a large carbon and other emissions footprint, and solid and liquid waste. This has direct implications on the natural environment.
Credit rating agencies; sustainability/ESG rating agencies; industry bodies such as CII and CMA and construction professionals	With their independent analysis, the influencers could induce opinions on SCL's brand reputation and credit worthiness and can represent SCL's attributes to a larger audience.	SCL forms part of the industry they represent or the sector they may rate. Our performance also provides inputs to various industry studies, benchmarking initiatives and reports.

Materiality

Identifying and prioritising important matters

As we engage with our stakeholders, we identify and prioritise important concerns and matters that emerge from the interactions. These material matters form the basis of our strategy formulation process and we measure their progress through specific key performance indicators. As part of our peer review process, we have compared and aligned our material issues with those identified by global and Indian peers.

Mattampally plant, stacker reclaimer

Material matters

Providers of financial capital

- Economic performance and profitability
- Business growth
- Return on investment
- Risk management
- Technology and process innovation

Customers

- Customer satisfaction
- Brand and reputation
- Customer acquisition
- Order fulfilment

Employees

- Occupational health, wellbeing and safety
- Employee training and development
- Employee relations and engagement
- Employee work-life balance and human rights
- Benefits, fair compensation and social security

Channel partners

- Vendor engagement and training
- Distribution presence
- Transport and logistics

Suppliers

- Supplier engagement
- Quality and reliability of suppliers

Government, regulators and policymakers

- Fair business operations, business ethics and good governance
- Tax and economic contribution
- Compliance

Community

- Social responsibility and engagement
- Public policy and advocacy
- Local economic value creation

Environment

- Climate and energy
- Responsible consumption
- Waste management and circular economy
- Biodiversity management
- Sustainable land use, relocation and rehabilitation (after mine closures)
- Responsible sourcing and alternate raw materials

Influencers

- Economic performance and profitability
- Interest payments
- Risk management
- Sustainability performance

Prioritising important matters

- Most critical and monitored matters for SCL
- Significant and monitored matters for SCL
- Matters where SCL maintains oversight

Strategy and progress

At SCL, we have always been mindful of our key priorities that have defined our growth and overall journey. Our robust strategy, executed with our strengths and a proactive risk management framework, continue to keep us in good stead and steer our way to the future.

Mattampally plant, robotic laboratory

Scalable.

Strategic focus areas

Pursuing growth with prudence

SCL has grown over the years with a vision ‘To provide foundations for society’s future.’ In pursuing this vision, we have operated with a dynamic strategy, based on three focus areas, and a commitment to responsible business conduct with an emphasis on ESG integration. These focus areas are further supported by four core enablers that propel us forward.

Mattampally plant

Key enablers

Access to resources

- Part of Nalgonda and Yerraguntla cement clusters
- Strong limestone reserves:
  - Over 815.04 MnT at Mattampally
  - Over 162.93 MnT at Gudipadu SCRL
- Geographic location with proximity to coal mines (major fuel) and ports (less than 150 km from the plant)
- Packing material primarily sourced from a promoter entity

Growing market

- Plants located in close proximity to major markets in South India and select markets in Maharashtra and Odisha
- Average lead distance below 300 km
- Strong sales network – 1,561 dealers and 3,586 Sub-dealers.
- Acquisition of SCRL and Bayyavaram plants to increase market reach and depth
- SCRL –Better margins and reach into the South Indian markets
- Bayyavaram – Access to North Andhra Pradesh and South Odisha markets

Advanced plants

- Fully automated 3.00 MTPA plant in Mattampally
- Highly advanced 1.25 MTPA plant in Gudipadu
- Modern 1.50 MTPA unit in Bayyavaram
- Group captive power generation of ~61.55 MW

Strong financials

- Net worth increased over 10x in the last seven years
- Long-term debt rating of A - (India Ratings)
- Consistent profits
- Consistent track record of dividends


Bayyavaram plant, robotic laboratory

Mattampally plant, NABL lab

Strategic focus areas

Capacity expansion

Our resolute focus is to double our capacity every 10 years and we have stayed committed to this focus since our inception. When we commenced operations in mid-1980s, we were a 200 TPD (Tonnes per day) cement manufacturer. Since then, we have grown consistently in both capacity and capability and currently operate a capacity of 5.75 MTPA in 2020. Going forward, we plan to reach a capacity of 10 MTPA by 2025 through organic and inorganic growth.

Performing across relevant material matters

Business growth

₹ 117,515 Lakhs
Revenue

3 locations
Manufacturing presence

7 states
Marketing presence

Return on investment

25%
Dividend

₹ 6,099 Lakhs
Interest payments

₹ 69,274 Lakhs
Market capitalisation

Distribution presence

1,561
Distributors

293
New distributors added

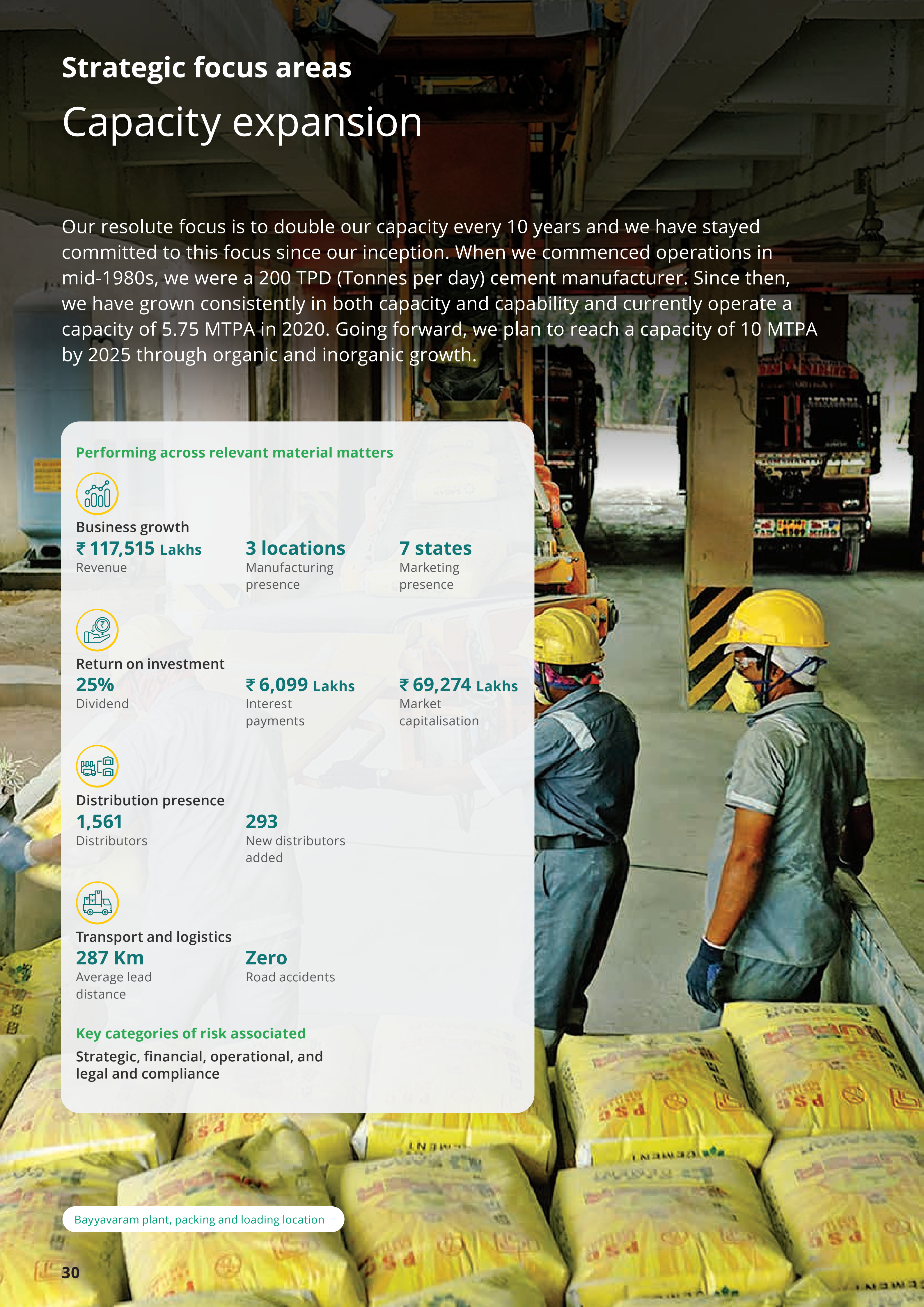
Transport and logistics

287 Km
Average lead distance

Zero
Road accidents

Key categories of risk associated

Strategic, financial, operational, and legal and compliance



Bayyavaram plant, packing and loading location


Satguru Cement, plant (under construction)

Current growth projects

To address the rising demand from the eastern markets, we have acquired a majority stake in Satguru Cement Private Limited and entire equity stake in Jajpur Cements Private Limited. Through these acquisitions, we plan to set up a greenfield integrated cement plant and a grinding unit in Madhya Pradesh and Odisha, respectively. We expect the completion of these projects by September 2021.

Key facts and updates

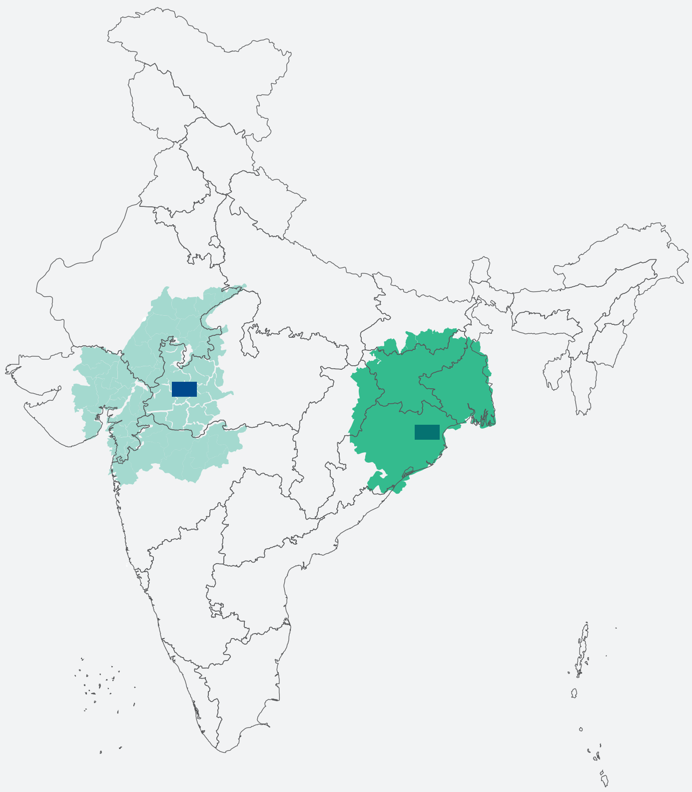
Satguru Cement Private Limited

Capacity	1 MTPA
Acquired on	8th May 2019
SCL stake	65%
Project cost (₹ Lakhs)	48,800
Financial closure	Indus Ind Bank
Tenure of the loan	12 years
Approvals	In place
Status of orders	Completed

Jajpur Cements Private Limited

Capacity	1.5 MTPA (Cement Grinding)
Acquired on	2nd May 2019
SCL stake	100%
Project cost (₹ Lakhs)	31,200
Financial closure	Axis Bank
Tenure of the loan	12 years
Approvals	In place
Status of orders	Completed

Potential markets



Satguru Cement Private Limited

West Madhya Pradesh
Maharashtra
South-East Rajasthan
East Gujarat

Jajpur Cements Private Limited

Southern Jharkhand
Southern West Bengal
North and Central Odisha

Strategic focus areas

Cost efficiency

Formulating a rational cost structure is a crucial prerequisite to crafting a long-term growth roadmap. Our expansion projects consider various cost implications and we strive to achieve industry-best cost efficiencies, which reflect in the strength of our balance sheet.

Performing across relevant material matters

Economic performance and profitability

₹ 18,953 Lakhs
EBITDA

₹ 2,653 Lakhs
Net profit

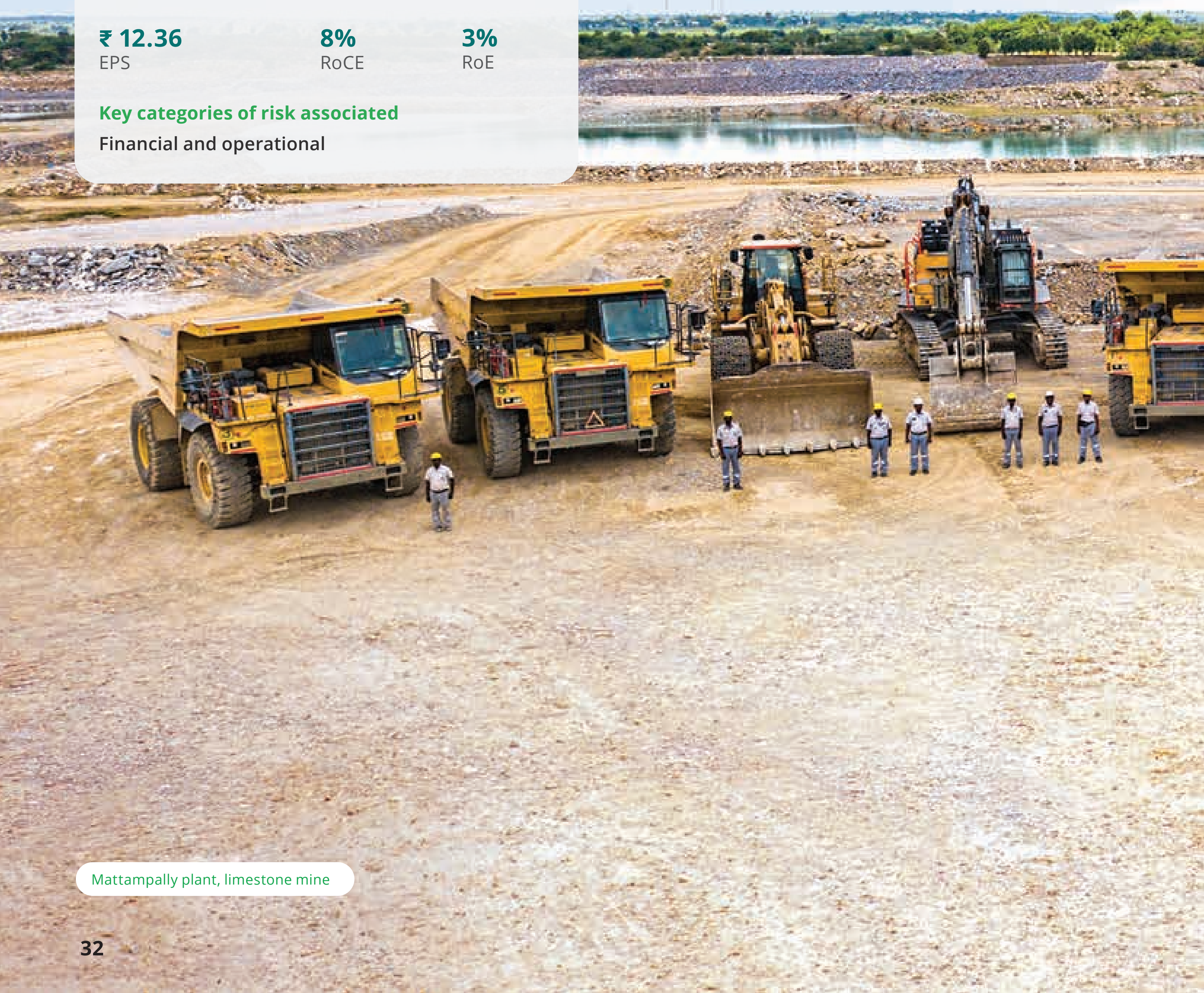
₹ 12.36
EPS

8%
RoCE

3%
RoE

Key categories of risk associated

Financial and operational



Mattampally plant, limestone mine

Our acquisition of SCRL and the Bayyavaram units stands testimony to our commitment to expand without compromising our balance sheet strength. Both these projects were undertaken with a mandate to minimise leverage and keep capex cost escalation below inflation levels.

Improving operational efficiencies in fuel

To pursue both cost and operational efficiencies, our mother plant at Mattampally and the acquired units of SCRL and Bayyavaram have their own captive power sources. These enable power security at reasonable prices across our operations. Our current captive power mix is given below.

- 18 MW captive thermal power plant at Mattampally
- 8.8 MW waste heat recovery plant at Mattampally
- 1.25 MW solar power plant at Mattampally
- 25 MW captive plant at SCRL Gudipadu
- 8.3 MW hydro power plant at Guntur Branch Canal (GBC) and Lock-in-sula (LIS) in Kurnool
- 120 KW solar power plant at Bayyavaram
- 80 KW solar power plant at corporate office at Hyderabad

Technology adoption

We realised early on that state-of-the-art technology, combined with the collective knowledge of our expert workforce, will help us stay ahead of the curve. Towards this end, we are constantly on the lookout for better equipment and technology to upgrade ourselves and improve our overall productivity, efficiency and innovation.

Performing across relevant material matters

Technology and process innovation

₹ 55.52 Lakhs
Technology investment

₹ 339.05 Lakhs
Cost savings achieved from technology deployment

Key categories of risk associated
Operational

Gudipadu power plant, control room

Achieving results with better technology

1. **Installation of a limestone crusher at the mine site**

   Minimal raw materials haulage distance leads to savings in transport vehicle fuel, reducing dust generation caused by vehicular movement and controlling Greenhouse Gas (GHG) emissions.

2. **Limestone crusher located in pit**

   The placement of the crusher below the ground and inside the pit avoids the requirement and construction of a ramp. Consequently, it nullifies the need for vehicles to climb steep inclines, which otherwise results in higher fuel consumption and higher wear and tear of the vehicles.

3. **Secondary crusher for limestone**

   Crushing is a significantly more energy-efficient process than grinding. A secondary crusher further reduces the size of the limestone reaching the grinding mill and helps us reduce the overall specific energy consumption.

4. **Online Prompt Gamma Neutron Activation Analysis Analyzer (PGNAA)**

   Installed on the limestone transport conveyor belt, this instrument gives complete elemental analysis of the limestone moving on the conveyor. In combination with the PILE EXPERT software, it ensures that the pile is prepared with an optimum blend of minerals and aligned with the quality requirement of the desired output. With the help of this system, all grades of minerals, including overburden, are used in our processes, thus enabling us to run 'zero reject' operations.

5. **Blend expert software**

   This software continuously monitors and automatically calibrates the chemistry of the raw materials that are being processed, to ensure that the target chemistry of the output is maintained. In turn, it helps in precise and consistent preparation of the raw mix, which translates to efficient use of all natural materials and energy while maintaining the desired quality of the product.

6. **Computational Fluid Dynamics (CFD) analysis**

   The CFD analysis using high-tech simulations helps us study the dynamic behaviour of various process equipment such as cyclones, separators, ducts and so on. Using the CFD software, we identify opportunities to optimise our operating parameters, such as specific electric energy consumption.

7. **Automated laboratory**

   Our online robot-operated laboratory enables a 100% automated quality control process, including the collection of samples to analysis to final calibrations to be made to the systems. Through this, we realise both consistent product quality and optimum resource utilisation.

8. **Variable Frequency Drives (VFDs) for process fans**

   VFDs are installed for all process fans and pumps. The controlling dampers are removed wherever possible, thereby achieving minimum head losses in fans and pump operation. By this arrangement, significant reduction in specific electric consumption is achieved, along with reduced GHG emissions.

9. **Process expert control**

   Leveraging Industry 4.0 concepts such as Artificial Intelligence (AI) and Machine Learning (ML), our systems are continuously learning to identify areas of improvement and optimise our operations with minimal human intervention.

10. **Waste Heat Recovery System (WHRS) power plant**

    We have installed and are successfully operating an 8.8 MW waste heat recovery power plant at Mattampally, which is generating about 30% of the total energy requirement of our plant. This ushers in three primary benefits – better waste gas utilisation, lower energy cost and reduced environmental footprint in terms of emissions and pollution.

Navigating challenges with foresight

At SCL, we realise the need to better understand, anticipate and mitigate business risks to minimise their frequency and impact. As we contend with the new responsibility for risk management, we seek greater assurance that there is a system in place, with well-documented, effective mitigation plans and accountability. This provides relevant information for decision making to relevant personnel in a timely manner.

A robust risk management framework has therefore been developed, which is benchmarked with the leading global risk management standards and available guidance. In doing so, the focus has been to have a simple and practical framework that:

1. Allows a clear and concise view of risks
2. Prioritises Risks that Matter (RTM), i.e., the Top 10 risks
3. Puts in place appropriate mitigation plans to manage RTM

This framework will continue to evolve and mature as risk management is implemented in the organisation. It is expected to be reviewed and amended on a regular basis, preferably on an annual basis, to ensure its ongoing relevance and viability.

Guiding principles for risk management

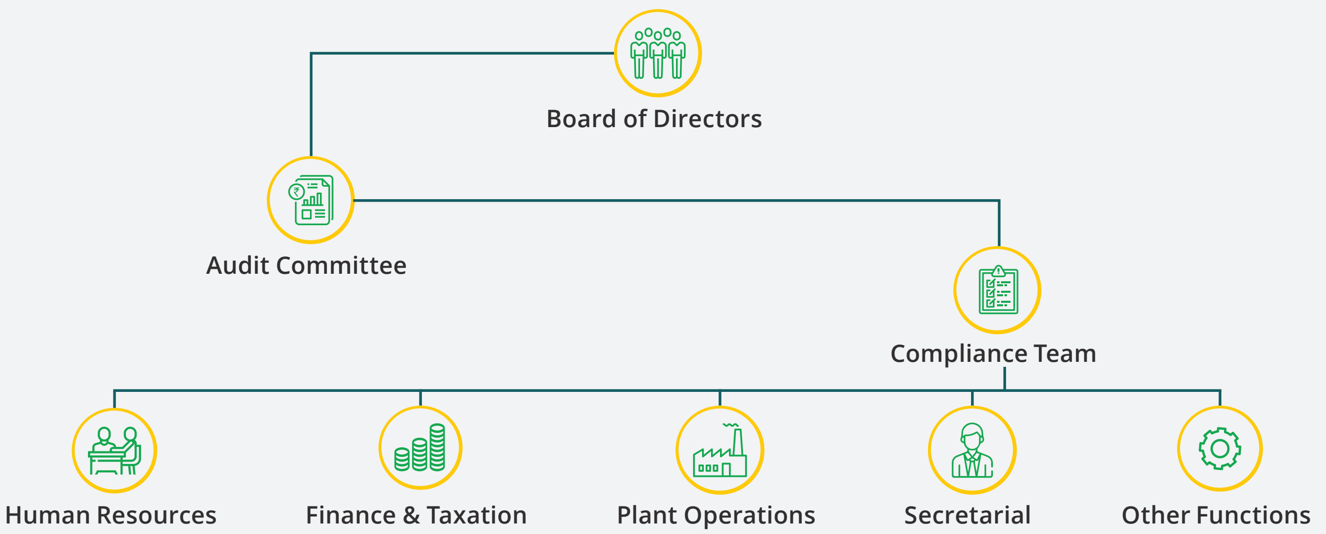
At SCL, we maintain a principles-based attitude to risk management. These principles ensure that our risk management is:

1. **Shareholder value based:** Risk management will be focused on sustaining the creation of shareholder value and protecting the same against erosion.
2. **Embedded:** Risk management will be embedded in existing business processes to facilitate management of risks across processes on an ongoing basis.
3. **Supported and assured:** Risk management will provide support in establishing appropriate processes to manage current risks appropriately and assure the relevant stakeholders over the effectiveness of these processes.
4. **Reviewed:** The effectiveness of the risk management programme will be reviewed on a regular basis to ensure its relevance in a dynamic business environment.

Our approach to risk management

We have adopted a top-down approach for identifying and managing risks at the overall entity level. In the top-down approach, the principal challenges impacting the achievement of the organisational objectives have been articulated. Accordingly, the risk library comprises key strategic and business risks applicable. Initially, mitigation plans would be drawn up only for RTM, which would then be extended to all the risks identified over a period of time.

Our risk team and reporting structure



We have formed a Risk Team, headed by the CEO/CFO and comprising all heads of processes together with the Company Secretary. The Team reviews the day-to-day risks of the organisation. It also conducts a Risk Review Meeting once a quarter to analyse the effectiveness of risk mitigation plans and the new set of risks identified and their mitigation strategy.

A report on the status of remediation plans and the current RTM is presented to the Audit Committee every quarter. An annual status of risk management, along with the status of risk remediation plans, shall also be presented to the Board of Directors by the CEO/CFO on an annual basis.

Risk management process

Effective risk management process requires consistent assessment, mitigation, monitoring and reporting of risk issues across the full breadth of the enterprise.

Essential to this process is a well-defined methodology for determining corporate direction and objectives. At SCL, this entire process is aligned with annual budgeting processes and each business function would be required to present the results of the risk management exercise as a part of their respective budget presentation.

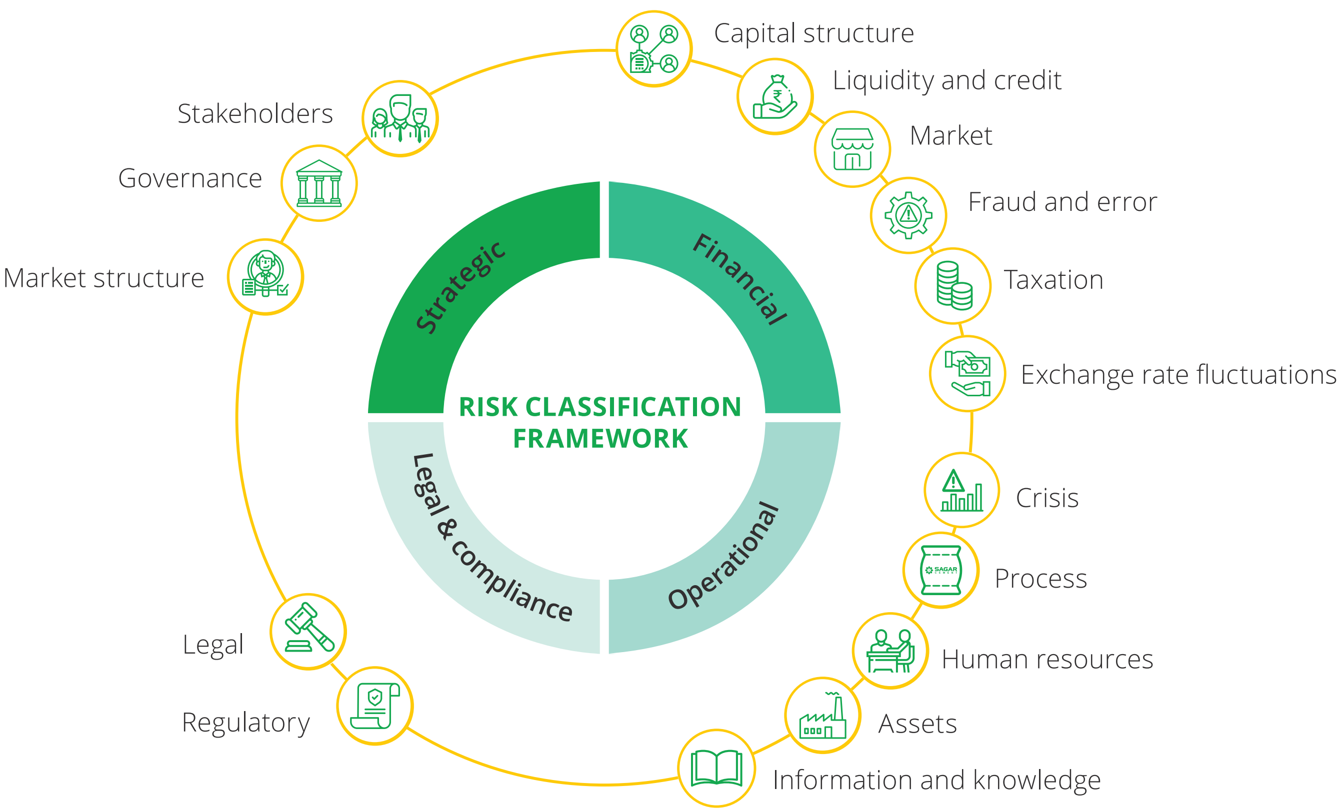
Our risk management process consists of three broad steps:

1. Risk assessment and reporting
2. Risk mitigation
3. Risk monitoring and assurance

Each step has its own detailed sub-steps that ensure that risk management is methodically undertaken, and regularly reviewed and improved upon.

Risk classification framework

Our risk classification framework categorises risks into four major types, under which they are monitored and managed.



STRATEGIC RISKS

The strategic focus of the organisation is driven by stakeholder expectations, industry outlook, market dynamics and the way the organisation is governed and guided. This category covers the risks that may impact the strategic focus and future of the organisation.

Stakeholders

The stakeholders of an organisation usually comprise its shareholders, customers, suppliers, business partners, the community in which it operates and the government (including regulatory bodies). This category, therefore, covers the risks relating to shareholder confidence, changes in government policies, over-dependencies on customers and suppliers and ineffective business partnerships.

Governance

Governance signifies the way an organisation is led and managed in the pursuit of its objectives. This category would cover risks, which may arise due to inappropriate strategic focus/direction or resource allocation, inadequacy of business monitoring, actions impacting the reputation of the Company or the improper/immoral conduct of employees.

Market structure

Market structure refers to the dynamics of the industry, country and economy in which the organisation operates. This category would include risks arising due to adverse changes in the economic, political, social or competitive environment in which the organisation operates as well as its ability to influence the market structure.

FINANCIAL RISKS

In pursuit of its objectives, a corporate raises and manages capital as well as protects its monetary resources. Financial risks include risks relating to the manner in which a corporate raises and manages its finances, plans its taxes and reduces uncertainty due to market movement of currency, interest rates and commodity prices. This category of risks also includes risks arising due to frauds and errors.

Capital structure

Capital signifies the monetary resources an organisation requires to sustain its operations and fuel its future expansion. This category would cover risks that may impact the organisation’s ability to acquire an appropriate and cost-effective mix of such resources in line with its requirements.

Liquidity and credit

Availability of funds for day-to-day operations is a key requirement for the smooth functioning of an organisation. This category would cover risks that may arise due to insufficient realisations and/or improper management of funds to further the current and future business objectives.

Market

Markets represent a buyer/seller network for the exchange of capital, credit and resources. This category would include risks emanating from adverse commodity price changes, exchange rate movements and interest rate change.

Fraud and error

A fraud involves the use of unjust or illegal means to gain financial advantage by intentional misstatements in, or omissions of amounts or disclosures from, an entity's accounting records or financial statements. It also includes actions, whether or not accompanied by misstatements of accounting records or financial statements, committed for personal gains. On the other hand, an error is an unintentional misrepresentation of facts. This category would cover risks that an organisation may face in the event of a fraud or error, with or without collusion with external parties.

Taxation

Tax, cess or duty is a compulsory charge levied on the income, sales, property, etc. of an organisation. This category covers risks emanating from an inefficient structuring of business transactions (within the constraints of the applicable rules and regulations) from a taxation perspective (both direct and indirect), which may result in excessive financial outgoes or benefits not being availed.

Exchange rate fluctuations

Company’s business activities inter-alia include import of materials such as coal and pet coke, and capital equipment such as machineries for mining, cement manufacturing, power generation plants, etc. which are linked to international prices and major international currencies. As a result, we are exposed to exchange rate fluctuations on imports and exports. The impact of these fluctuations on the Company’s profitability and finances is considered material.

OPERATIONAL RISKS

Operations refer to the activities of the organisation in harnessing its resources to execute its business model. This category of risks includes risks related to resources and processes, which come together to create products and services that satisfy customers and help achieve the organisation's quality, cost and time performance objectives.

Process

An organisation undertakes business processes to create products and services and deliver them to customers. This category includes those risks that arise due to inefficiencies in, or interruptions to, these processes.

Human resources

Employees and managers help manage the organisation, leverage its assets and operate its business processes. This category includes risks related to the inappropriateness of the organisation structure, inadequacies in training and development of employees, attrition, inadequate succession planning and lack of requisite knowledge, skills and attitude in the employees which may impact the successful execution of the organisation's business model and achievement of critical business objectives.

Assets

The assets of the organisation are the physical and intellectual resources available to it, which facilitate its business processes in the achievement of its objectives. This category includes risks that have an impact on the availability and value of the organisation's assets, including plant, property and equipment, IT systems and intellectual property

Information and knowledge

In the course of business operations, an organisation captures information and creates knowledge. Knowledge and informational risks are those that arise due to inefficient capturing, utilisation and protection of knowledge.

Crisis

Crisis emanating from natural calamities or manmade disasters is inherent in the business. Crisis risks cover risks that arise due to earthquake, floods, drought, terrorism, hostile community action and similar events as well as factors such as sabotage by employees, hostile government action and their implications resulting in business discontinuity, disruption of operations, loss of valuable customers, etc.

LEGAL AND COMPLIANCE RISKS

The organisation operates in a legal and regulatory framework that imposes certain obligations on it and helps protects its rights. This category of risks includes risks that arise when an organisation is unable to fulfil its legal obligations or protect its rights.

Legal

Legal risks arise when an organisation does not comply with its enforceable commitments to counterparties or is unable to enforce its rights against counterparties. These risks would include exposure of the organisation to litigation or its inability to protect its rights through litigation. It will also include exposure on account of inadequate representations and warranties from third parties for fulfilling their obligations arising out of the legal agreements entered into with them.

Regulatory

Regulatory risks are those that arise on account of regulations imposed by the government which may affect the organisation's competitive position or its capacity to efficiently conduct business. This category also includes the risks of penalties and prosecution, which may arise on regulatory non-compliance.

Responsible business

Every day, we feel privileged to service the nation with a ubiquitously demanded product. While delivering this product, we have taken active strides in ensuring that we operate responsibly. This is reflected in our growing environmental, social and governance commitments, which drive our key interventions to create meaningful value for all stakeholders.

16.60%* (Mattampally)

13.20% (Gudipadu)

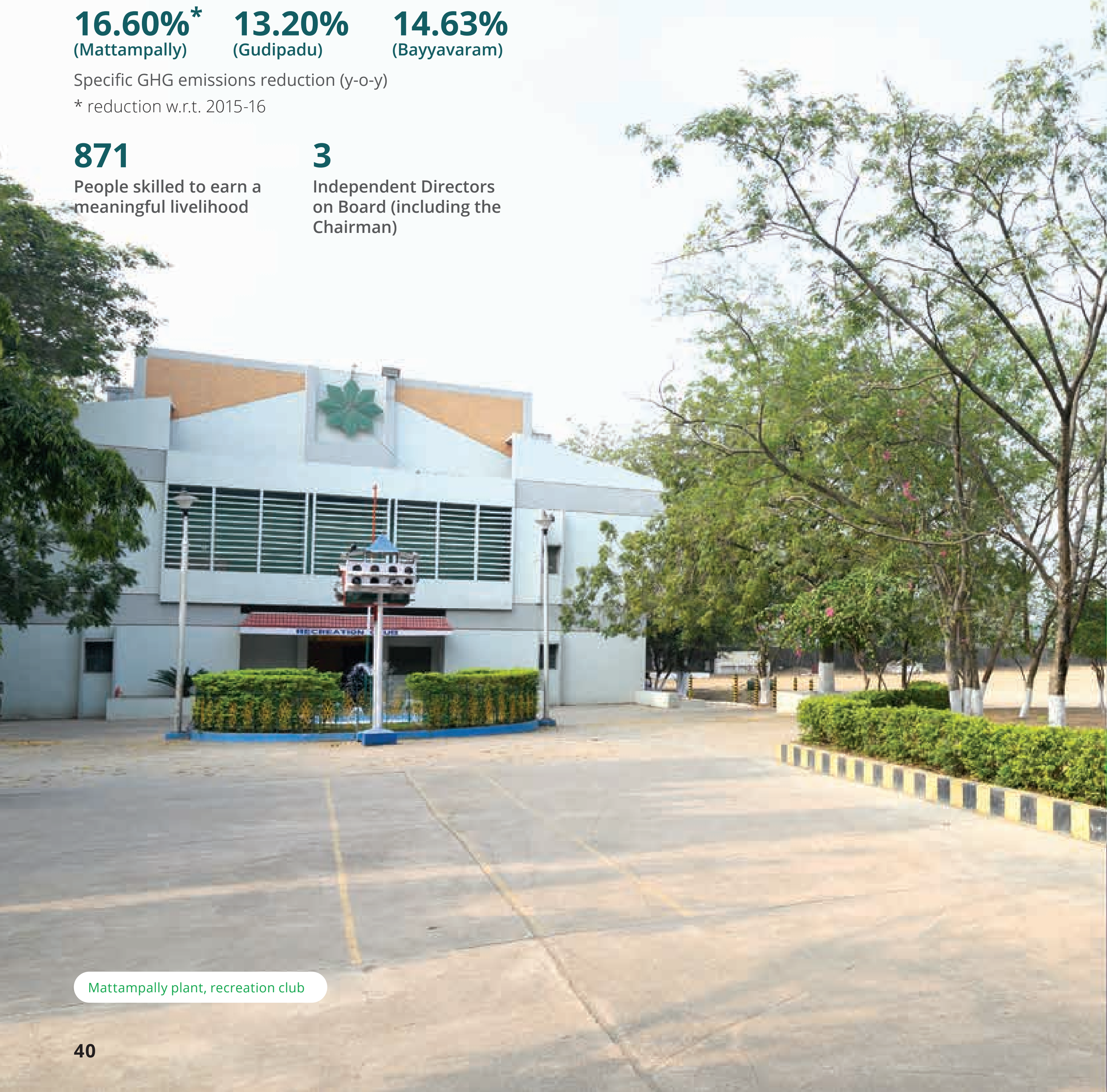
14.63% (Bayyavaram)

Specific GHG emissions reduction (y-o-y)

* reduction w.r.t. 2015-16

871
People skilled to earn a meaningful livelihood

3
Independent Directors on Board (including the Chairman)



Mattampally plant, recreation club

Sustainable.

Environment

Committed to conserve

As a leading cement producer in the South Indian market, we are aware of the detrimental effects that cement manufacturing can have on the environment, both while drawing resources and while disposing the waste material. To mitigate the risks emerging from our operations, we have taken several proactive steps and have established a greener and sustainable operating environment for all.

Performing across relevant material matters

Climate and energy

2,39,927.33 MWh
Total energy consumption

Mattampally

77.85 kWh/t
Specific energy consumption

0.673 tCO_2e/t cement eq
GHG emissions intensity

4.98 mg/nm3
SOx emissions

381 mg/nm3
NOx emissions

Gudipadu

82.75 kWh/t
Specific energy consumption

0.769 tCO_2e/t cement eq
GHG emission intensity

7.83 mg/nm^3
SOx emissions

339.7 mg/nm^3
NOx emissions

Bayyavaram

37.29 kWh/t
Specific energy consumption

0.0447 tCO_2e/t cement eq
GHG emissions intensity

Responsible consumption

1,97,885 kL
Freshwater withdrawal

44,042,070 kWh (Mattampally)
Waste heat recovered

3.4 MnT
Limestone mined

Waste management and circular economy

81,696 kL
Wastewater recycled

3,34,388 T
Slag used in cement production

2,52,506 T
Fly ash consumed

92,091 T
Gypsum consumed

Green belt management

5
Green belt sites

199.75 acres
Acreage of Green belt sites

Sustainable land use, relocation and rehabilitation (after mine closures)

Responsible sourcing and alternative raw materials

Maintaining our environmental commitments across areas

Raw material

We have deployed of state-of-the-art mining equipment for mineral extraction and development, which is done strictly in accordance to the mining plans and schemes approved by statutory authorities.

We use CBX and Ramco mine management software to blend various categories of low-grade limestone with high-grade limestone to conserve the mineral and ensure zero rejects from the mines. This is further supported by our use of high-grade coal, and pet coke which is used as a fuel for clinker manufacturing.

Biodiversity

At SCL, it is our priority to preserve the natural environment and the various ecosystems it supports. While operating our captive limestone mine, we remain mindful of following sustainable mining practices, including controlled blasting to reduce dust and noise and control our emissions. Further, we continue to work passionately to enhance the green spread in and around our quarry sites, manufacturing units, residential colonies and nearby villages by planting native and other floral species. As a result of our efforts, the area around our mines has become a preferred nesting and breeding habitat for migratory and local avifauna.

Our three-pronged strategy for biodiversity management

1. Before commencing mining, strategically assess biodiversity impacts caused by regional developments
2. Once the mines are closed, rehabilitate mine sites not just to re-establish vegetation cover but also to develop a self-sustaining ecosystem that interacts positively with the surrounding landscape
3. During the life of the mine, offset any unavoidable impacts on biodiversity by supporting conservation activities elsewhere in the region

Energy

We have a two-fold approach to energy management and conservation:

A. We use diversified sources for energy generation to achieve energy security, minimise carbon footprint and achieve cost efficiency. Over 30% of our overall energy requirement is met from renewable sources and it is our priority to increase the proportion of renewables in our overall energy mix.

Source of energy	Installed capacity	Location
RENEWABLE		
Solar	1.25 MW	Mattampally, Telangana
	80 KW	Corporate office, Hyderabad, Telangana
	120 KW	Bayyavaram
Hydro electric	4.3 MW	Guntur, Andhra Pradesh
	4.0 MW	Kurnool, Andhra Pradesh
WHRS	8.8 MW	Mattampally, Telangana
Renewable total	**18.55 MW**	
NON-RENEWABLE		
Thermal	25 MW	Gudipadu, Andhra Pradesh
	18 MW	Mattampally, Telangana
Non-renewable total	**43 MW**	
TOTAL	**61.55 MW**	

B. We achieve better energy savings as part of our efficiency improvement initiatives. Investments in technology and state-of-the-art equipment have helped us continuously improve our energy conservation over the years. For example, our Mattampally plant has a Dry Process Rotary Kiln, which uses one of the most energy-efficient technologies to run our cement making operations. [Read more on our various technology-led energy saving interventions on page 34-35].

Maintaining our environmental commitments across areas

Emissions

As a cement manufacturer, we generate GHGs, dust and SOx and NOx. It is our constant endeavour to minimise these emissions. We are mindful to not only meet the prevalent emission standards, but to exceed compliance wherever possible. We have installed specific equipment and technology to control our emissions.

Our key interventions to control carbon emissions include:

- Usage of alternate fuels to reduce dependence on carbon-based energy sources
- Installation of energy-efficient equipment to control energy intake
- Green belt development to achieve carbon sequestration
- Reduction in clinker factor
- Regular maintenance of vehicles to optimise fuel consumption
- Opting for bulk transport and rail transport wherever possible to reduce the overall carbon footprint

Carbon emissions in the past three years

tCO_2e

Year	FY2020	FY2019	FY2018
Scope 1	20,30,741	20,64,650	18,86,834
Scope 2	74,012	1,09,666	1,11,103
Scope 3	72,981	92,186	85,627
Total	**21,77,734**	**22,66,503**	**20,83,564**

We plan to reduce specific CO_2 emissions by 15.00% by FY2023.

1.71 (Mattampally), 0.42 (Gudipadu)

Thermal substitution rate in FY2020

Our key interventions to control dust, NOx and SOx emissions include:

- Replacing the conventional bag filter with Polytetrafluoroethylene (PTFE) coated filter bags in identified areas
- Installing the latest generation Reverse Air Bag House (RABH) for main stack to handle kiln and raw mill (vertical roller mill) gases
- NOx control pre-heater technology for line-2 kiln
- De-dusting and prover coverage of cargo to avoid air pollution

Water

We are on an expedited path to achieve water neutrality across all our locations, in line with our integrated water management plan.

100% of our industrial water requirements are met by harvested rainwater.

Our water management policy guides our interventions and we continue to undertake holistic initiatives to conserve and reuse water. Some of them include:

- Efficient measuring and monitoring system
- Installation of a softener plant
- Installation of Sewage Treatment Plant (STP)
- Using treated water for horticulture
- Awareness programmes for employees

Water management at SCL

- Zero liquid discharge through effective utilisation of wastewater treated in STP
- Upgrading water-efficient technologies and undertaking process optimisation wherever feasible
- Conservation of water by rainwater harvesting in plant, mine and colony

Source versus quantity of consumption of water

Source of water	Quantity consumed in FY2020 (kL)	Quantity consumed in FY2019 (kL)	Quantity consumed in FY2018 (kL)
Harvested water	1,34,390	1,80,051	1,68,850
Bore well	1,93,178	2,64,207	2,26,648
Total water	3,27,568	4,44,258	3,95,498
Cement production	30,44,236	32,54,038	26,45,677
Specific water consumption (kL/t of cement)	0.11	0.14	0.15

Waste management

Our highly efficient waste management system effectively manages both hazardous and non-hazardous waste produced by our operations. We also co-process waste from other industries in our cement kilns.

Our interventions to treat different waste categories are summarised below:

Solid waste

The solid waste generated during manufacturing is re-collected by means of RABH, Electrostatic Precipitator (ESP) and blast furnaces, and is then reinjected into the process to achieve resource conservation and reduced waste from plant.

Fly ash

Fly ash generated from CPP is used in PPC manufacturing. Other waste generated from plant maintenance such as used oil and metal scrap are disposed of in a responsible manner, complying with the regulatory guidelines.

Waste from other industries co-processed in FY2020 (T)

	FY2020	FY2019	FY2018
Spent carbon	3,950	3,141	426
Carbon black	2,010	179	-
Fly ash	2,52,506	2,65,131	2,18,928
Slag	1,57,414	3,05,786	3,32,386

Effluents

At SCL, we strive for 'Zero Discharge' across all our operations and we do not discharge any process effluents to any water body. Complying with the new regulations, we are also in the process of installing new/ upgrading existing STPs wherever necessary.

Waste-to-landfill

During the reporting period, both hazardous and non-hazardous waste were disposed of in a responsible manner and no hazardous waste was directed to landfill.

Total hazardous waste disposed

Type of waste		Unit	FY2020	FY2019	FY2018
Waste lubricants oil	Generated	l	37,279	24,104	23,551
	Consumed		28,879	13,544	17,960
	Sold		8,400	15,460	5,590
Waste grease with cotton waste	Generated	kg	5,363	1,971	1,721
	Consumed		1,403	1,971	1,721
	Sold		3,960	0	0
E-waste	Generated	kg	231	1,250	213
	Disposed		167	1,250	1,127 kg (from the previous year)

Total non-hazardous waste disposed

Type of waste	Unit	FY2020	FY2019	FY2018	Disposal mechanism
Metal scrap	T	739.40	946.43	1347.31	Sold to third party
Belt scrap	T	60.24	16.30	7.14	Sold to third party
Office, in-house packing and socked cotton	T	9.62	8.70	6.60	Processed in kiln
Tyre scrap	Units	4	37	52	Sold to third party
PP Scrap	T	50.44	43.44	70.93	Sold to third party

Communities and other stakeholders

Crossing milestones with everyone

It is our untiring endeavour to engage better with all our stakeholders and conduct our business with mutual wins. The trust our brand enjoys today is the result of these efforts and we truly believe that good relationships lead to great businesses.

Performing across relevant material matters

Customers

Customer satisfaction

100%
Satisfaction score

100%
Customer complaints resolved

Customer acquisition

19,497
Customers

20%
y-o-y customer base growth

Order fulfilment

Zero
Stock outs

100%
Average fulfilment rate

Communities

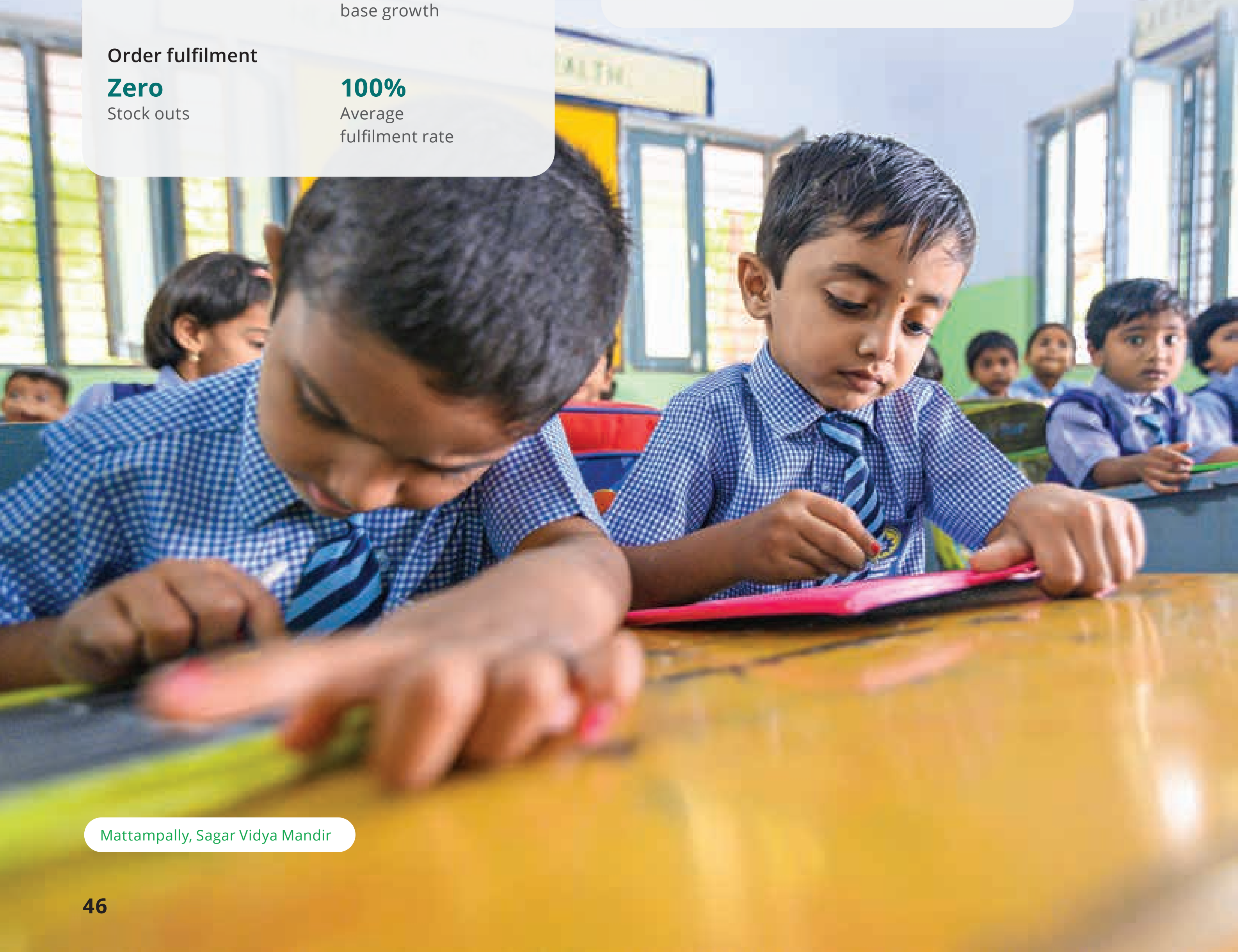
Social responsibility and engagement

₹ 84 Lakhs
CSR expenditure

16,000
Beneficiaries

Public policy and advocacy

Membership in industry bodies such as CII and CMA



Mattampally, Sagar Vidya Mandir

Performing across relevant material matters

Channel partners

Vendor engagement and training

3,270
Vendors onboarded to the ERP system

Distribution presence

293
New distributors

Transport and logistics

287 Km
Average lead distance

Zero
Road accidents

Suppliers

Supplier engagement

2
Supplier meets conducted

465
Suppliers onboarded on the ERP system

957
Suppliers

Quality and reliability of suppliers

98%
Average supplier availability

2%
Supplier defect rate

Government, regulators and policymakers

Fair business operations, business ethics and good governance

Zero
Whistleblower cases

Zero
Corruption/bribery cases received versus resolved

Tax and economic contribution

₹ 29,154 Lakhs
Total tax contribution

Compliance

Zero
Notices received on non-compliance

Mattampally, Medical center

Communities

Key initiatives

To engage with our local communities and make them a part of our growth journey, we undertake regular interventions and invest actively in their inclusion and empowerment. Some key initiatives are given below:

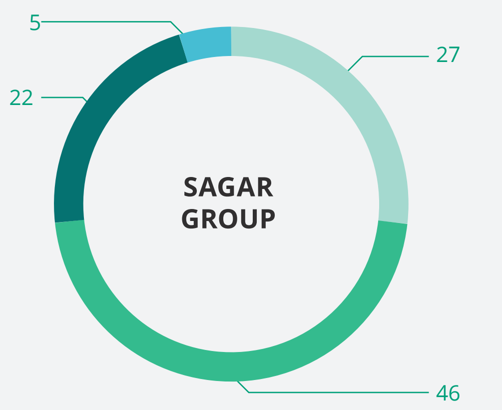
- Academic support to children by sponsoring the establishment of a school
- Provision of medical and healthcare facilities at Mattampally
- Conducting mega health camps
- Set up of safe drinking water and irrigation facilities at Mattampally
- Distribution books and stationery to children
- New ambulance facility for the village residents
- Free eye camps for truck drivers and helpers

Mattampally, Sagar Vidya Mandir

Mattampally, Medical centre

Mattampally, Medical centre

Our CSR spend in FY2020



(₹)

- Preventive healthcare and promotion of safe drinking water: 22,38,900
- Rural development: 38,91,597
- Training and education: 18,33,502
- Training and promotion of sports: 3,97,747

Total CSR expenditure: 83,61,746

Occupational Health Centre, Mattampally

People

Building on our collective spirit

Our culture is supported by the robust pillars of learning, meritocracy, caring and openness, which empowers our go-getters to push the levers of our progress. Our overriding people approach is to steadily upskill them to compete in an operating environment that is becoming increasingly volatile. Throughout our operations, we ensure that our on-roll and contractual workers receive similar benefits and fair treatment.

Performing across relevant material matters

Occupational health, wellbeing and safety

1 (Mattampally)
LTI

0.658 (Mattampally)
LTIFR

Zero
Fatalities

34
Near-miss incidents

30,72,192
Safe man-hours

Employee training and development

18,671
Total training hours

1,704
Employees trained

150
Safety trainings conducted

747
Safety induction sessions (Mattampally and Bayyavaram)

Employee relations and engagement

90%+ at all locations
Employee retention ratio

1,855
(1,108 contract employees) Total number of employees

89
New hires

Benefits, fair compensation and social security

₹ 6,487 Lakhs
Total value of employee benefits disbursed

1,490
Employees covered under social security schemes

69
Employees promoted

871
People skilled to earn a meaningful livelihood

Employee work-life balance and human rights

Mattampally plant

Key initiatives

At SCL, we consider employee satisfaction and retention as core to our business. After hiring the right people for the right job, we maintain a sharp emphasis on the overall development of the individuals through the following initiatives:

Goal setting

We help the employees set their long- and short-term career goals and achieve these milestones.

Open-door policy

At SCL, our employees are free to voice their concerns to their peers, managers and even the senior leadership. This goes a long way in establishing a culture of open communication within the organisation. We also have a thriving culture of working in teams.

Learning and Development (L&D)

We regularly organise training sessions for our corporate and plant employees to continuously upskill them in various aspects. The trainings span technical, safety, behavioural, organisational and cultural aspects, and are delivered by expert internal and external faculty members. Our L&D programmes are based on the business strategy, output of individual appraisals as well as the incumbent's role.

Employee reward and recognition

At SCL, the contribution of our employees are always acknowledged and their excellence always rewarded. We have a points-based reward system in place to recognise their efforts. We also issue corporate gifts and performance awards to continuously motivate them.

Employee welfare

To keep our employees continuously motivated, we provide several welfare amenities and programmes such as residence and recreational facilities, Mediclaim benefits, GTLI and GPAP, leisure tours, vehicle loans and so on.

Health and safety

One of our most material matters is occupational health, wellbeing and safety. This is reflected in every area of our operations. We also abide by all safety rules and regulations under all legislations, associated codes of practice and guidelines pertaining to our business.

It is our policy to put in force all the systems needed to identify hazards and associated risks, to establish a procedure for eliminating them, thereby ensuring that systems for safe work are devised and enforced. We do this using:

- Strategies and action plans with quantitative targets for improvement
- Health and safety management with commitment and dedication
- The involvement of each individual in health and safety management
- A comprehensive training programme on health and safety
- Continuous improvement by regular review of all safety procedures and systems of work
- Periodical health checkups for the wellbeing of all employees
- The safety park to instil a safety culture and train employees, visitors and others on desired safety practices

Safety park, Mattampally

Governance

Leadership that empowers

At SCL, we are led by a management that balances business priorities with responsibility. They are guided by our Board and its committees, and together they assume charge of the governance of the organisation.

Our Board of Directors*

Standing (L to R): Smt. S. Rachana, S. Sreekanth Reddy, John-Eric Bertrand, Dr. S. Anand Reddy, T. Nagesh Reddy

Sitting (L to R): K. Thanu Pillai, O. Swaminatha Reddy, V.H. Ramakrishnan

*As of 31st March 2020

O. Swaminatha Reddy
Chairman and Independent Director

1 2 4 6

O. Swaminatha Reddy is a financial and management consultant with vast experience in the space, spanning several decades. He is known for his acumen in corporate finance. He has been associated with SCL since our inception. Earlier, he served as the Chairman of Andhra Bank and AP State Finance Corporation.

Dr. S. Anand Reddy
Managing Director – Promoter Group

3 4 5

As part of the promoter group, Dr. S. Anand Reddy joined SCL as our Director (Marketing and Projects) in 1992. At present, he is the Managing Director of the Company. Under his guidance, SCL has emerged as one of the most economical cement plant in Telangana. In the year 2008, he was appointed as the Joint Managing Director and later as Managing Director in 2018.

S. Sreekanth Reddy
Joint Managing Director – Promoter Group

5

As part of the promoter group, S. Sreekanth Reddy joined SCL in 2002 as a Technical Consultant and was later appointed as a Director. In 2008, he was appointed as an Executive Director and in 2018, as our Joint Managing Director. During his tenure, SCL grew its capacity from 1.32 Lakhs TPA to 57.50 Lakhs TPA and witnesses the adoption of modern technology in all areas of its operations.

K. Thanu Pillai
Independent Director

1 2 3 4 5 6

K. Thanu Pillai started his career with State Bank of Travancore (SBT), in the year 1958, and was vested with varied assignments. He has rich operational experience and has demonstrated much appreciated performance throughout his long-standing career. He is trained in prestigious institutes such as Bankers Training College of RBI at Mumbai; NIBM at Pune; State Bank Staff College, Hyderabad; and Administrative Staff College at Hyderabad, among others. In 1997, he was elevated to the position of Chief General Manager at SBT and was deputed to other associate banks of State Bank of India. In February 1992, he was appointed as the Managing Director of State Bank of Hyderabad, the largest among the associates of State Bank of India.

T. Nagesh Reddy
Nominee Director – Andhra Pradesh Industrial Development Corporation Limited (APIDC)

3

T. Nagesh Reddy joined APIDC in 1986, a premier financial institution in the erstwhile state of Andhra Pradesh. He is currently positioned as the Deputy Manager (Administration and Accounts) in TSIDC, a demerged company of APIDC, and is looking after general accounts, payroll, budgeting, taxation, etc., in addition to all other administrative matters.

John-Eric Bertrand
Non-Executive Director

John-Eric Bertrand is a member of the Executive Committee of Ackermans & van Haaren.
AvH is a diversified listed group focused on a limited number of strategic participations. The group, founded in 1876, is part of the BEL20 index of Euronext Brussels. John-Eric is active at AvH since 2008 and acts as Chairman or board member of several companies including CFE, DEME, Agidens, Manuchar, Extensa Group and Telemond. Before joining AvH, John-Eric worked as a Senior Consultant at Roland Berger Strategy Consultants (2006-2008) and Senior Auditor at Deloitte (2001-2004). John-Eric graduated magna cum laude as a Commercial Engineer from University of Louvain (UCL) and obtained a master's degree in International Management from the Community of European Management schools (CEMS). He also holds an MBA from INSEAD.

Smt. S. Rachana
Non-Executive Director – Promoter Group

2 5

Smt. S. Rachana is an Executive Director in Panchavati Polyfibres Limited and a Promoter Director of RV Consulting Service Pvt. Ltd.

V. H. Ramakrishnan
Independent Director

1 2 6

V. H. Ramakrishnan has extensive experience spanning over 35 years in both domestic and international banking with his long stint with Bank of India (BOI), from where he retired as the General Manager (International) in April 2001. During his tenure at BOI, he headed various departments such as International Operations, Comptrollers Department, Treasury and Subsidiaries. The Northern Zone won the 'Best Zone in India' award, while he was positioned as the Zonal Manager (North Zone) at BOI.

He also has significant international banking exposure, first as Manager Nairobi Branch and then as Executive Director of Allied Bank of Nigeria Ltd. He also worked as a Whole-Time Director and Chief Executive Officer of BOI Finance Ltd. and was a member of different committees constituted by the RBI.

Board Committees

1. Audit
2. Nomination and Remuneration
3. Stakeholders' Relationship
4. Investment
5. CSR
6. Securities Allotment

Chairperson Member

Read more on corporate governance practices on Page 95

Our Management

Dr. S. Anand Reddy
Managing Director

Dr. S. Anand Reddy brings with him a vast experience of more than 30 years. He has a M.B.B.S. degree from Nagarjuna University. He joined SCL as Director (Marketing & Projects) in 1992 and has risen to the current position of Managing Director. Mr. Reddy is also a Director at Panchavati Polyfibres Ltd., Super Hydro Electric Pvt. Ltd., Jajpur Cements Pvt. Ltd, and Satguru Cement Pvt. Ltd.

S. Sreekanth Reddy
Joint Managing Director

S. Sreekanth Reddy brings with him more than 20 years of industry experience. He has a bachelor's degree in Industrial and Production Engineering and has a diploma in Cement Technology. He joined SCL in 2002 as its Technical Consultant and was later appointed as its Director. Under his guidance, SCL has emerged as one of the most sustainable cement plants in Telangana.

K. Ganesh
Group President

K. Ganesh comes with a rich experience of more than 35 years in project execution and operations of cement plants. He holds a bachelor's degree in Mechanical Engineering. He has served as a Senior Engineer in Bhagawati Priya Consulting Engineers Limited, Mumbai. He has been associated with us since 1992 and has been a crucial part of the Company's growth story.

K. Prasad
Chief Financial Officer

K. Prasad heads the Finance & Accounts function of the Group. Has more than 25 years of experience. He is a qualified Chartered Accountant and also has an M.Com. degree. He is associating with us since 2003. Before joining us, he served as the Senior Manager in Sagarsoft (India) Limited.

Rajesh Singh

Chief Marketing Officer

Rajesh Singh has 28 years of experience in Marketing. He holds a PG Diploma in Business Management from Osmania University. He is associated with us since 2008. He has worked with Suzlon Energy and Orient Cements Limited before joining SCL.

R. Soundararajan

Company Secretary, Chief Compliance Officer

R. Soundararajan has more than 40 years of rich experience. He holds FCS, ACMA and a Law degrees. He heads the Secretarial & Compliance functions of the Group. He is associated with us since 1996.

Anji Reddy

Chief Sustainability Officer

Anji Reddy has a postgraduate degree in Engineering from the Andhra University and has been working for the cement industry since 1985. During the course of his 35 years of service, he has worked in a wide range of functions for the cement and power sectors. He is also qualified as a certified expert in Climate Change and Environment Sustainability by the Confederation of the Indian Industry (CII).

Abbreviations

Abbreviations	Full forms
(E)	Estimated figure
<IR>	Integrated Reporting
AI	Artificial Intelligence
AP&T	Andhra Pradesh and Telangana
APIDC	Andhra Pradesh Industrial Development Corporation Limited
ASCO	Assurances Continentales
BDM	Bracht Deckers & Mackelbert
BOI	Bank of India
C&F	Clearing and Forwarding
CAGR	Compound Annual Growth Rate
CEMS	Community of European Management Schools
CEO	Chief Executive Officer
CFD	Computational Fluid Dynamics
CFO	Chief Financial Officer
CII	Confederation of Indian Industries
CMA	Cement Manufacturers Association
CPP	Captive Power Plant
CSR	Corporate Social Responsibility
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
EHS	Environment, Health and Safety
EPS	Earnings per share
eq	Equivalent
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
ESP	Electrostatic Precipitator
E-waste	Electronic Waste
FCS	Fellow Company Secretary
FY	Financial Year
GBC	Guntur Branch Canal
GGBS	Ground Granulated Blast Furnace Slag
GHG	Greenhouse Gas
GPAP	Group Personal Accident Policy
GTLI	Group Term Life Insurance
IIRC	International Integrated Reporting Council
IND AS	Indian Accounting Standard
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
JV	Joint Venture
K Cal	Kilocalorie
kL	Kilo litre
Km	Kilometer
kWh/t	Kilowatt Hour Per Tonne

Abbreviations	Full forms
LIS	Lock-in-sula
LTI	Lost Time Injuries
LTIFR	Lost Time Injury Frequency Rate
M.B.B.S.	Bachelor of Medicine and Bachelor of Surgery
mg/nm3	Milligrams Per Cubic Metre
ML	Machine Learning
MnT	Million Tonnes
MoEFCC	Ministry of Environment, Forest and Climate Change
MTPA	Million Tonnes Per Annum
MW	Megawatts
MWh	Megawatt Hour
NIBM	National Institute of Bank Management
NOx	Nitrogen Oxides
OPC	Ordinary Portland Cement
PAT	Profit after tax
PGNAA	Prompt Gamma Neutron Activation Analysis Analyzer
PPC	Portland Pozzolana Cement
PSC	Portland Slag Cement
PTFE	Polytetrafluoroethylene
RABH	Reverse Air Bag House
RBI	Reserve Bank of India
RE	Renewable Energy
RoCE	Return on Capital Employed
RoE	Return on Equity
RTM	Risks that Matter
SBT	State Bank of Travancore
SCL	Sagar Cements Limited
SCRL	Sagar Cements (R) Limited
SEBI	Securities and Exchange Board of India
SOx	Sulphur Oxides
SRC	Sulphate Resistant Cement
STP	Sewage Treatment Plant
T	Tonnes
tCO2e/t	Tonnes of carbon dioxide equivalent per tonne (of cement)
TPA	Tonnes Per Annum
TPD	Tonnes Per Day
TSIDC	Telangana State Irrigation Development Corporation Ltd.
UCL	University of Louvain
VFDs	Variable Frequency Drives
WHRS	Waste Heat Recovery System
y-o-y	Year-on-year

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Independent Assurance Statement

To The Board of Directors of Sagar Cements Limited

Independent Limited Assurance Statement on Selected Key Performance Indicator Disclosures in the Integrated Report of Sagar Cements Limited for the Financial Year Ended 31st March 2020

We have been engaged by the Management of Sagar Cements Limited, to provide an independent Limited Assurance Statement on Selected key performance indicators ("SPIs") described below and presented in the Integrated Report of Sagar Cements for the Financial Year Ended March 31, 2020.

Subject matter

We are required to provide limited assurance on the following SPIs reported in numerical figures, specific to the period from April 1, 2019 to March 31, 2020 in accordance with Management's basis of preparation. The terms of Management's basis of preparation comprise the criteria by which the SPIs are evaluated for purposes of our limited assurance engagement.

The subject matter includes the following:

Natural Capital:

Indicators	Reporting Entities
Limestone mined (MT)	SCL - Mattampally, SCL - Gudipadu
Fly ash consumed	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram
Gypsum consumed	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram
Slag consumed	SCL – Gudipadu, SCL - Bayyavaram
Cement production	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram
Total energy consumption (MWh)	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram
Energy generated from Green & Renewable source (MWh)	SCL – Mattampally
Indirect energy consumed (kWh Excluding RE)	SCL - Mattampally
Specific energy consumption	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram
Non GHG emissions (SOx and NOx)	SCL - Mattampally
GHG emissions (Scope 1, 2 and 3)	SCL - Mattampally
GHG emissions (Scope 2)	SCL – Gudipadu, SCL – Bayyavaram
Freshwater withdrawal (KL)	SCL – Mattampally
Wastewater recycled (KL)	SCL – Mattampally
Solar - Mattampally (Installed capacity) (MW)	SCL – Mattampally
Water consumption RWH (KL)	SCL – Mattampally
Water consumption Borewell (KL)	SCL – Mattampally
Waste from other industries co-processed in FY 2019-20 (MT) - Slag, Spent carbon and carbon black (MT)	SCL – Mattampally, SCL – Gudipadu,
Hazardous waste disposed - Waste Lubricants Oil (Litres)	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram
Hazardous waste disposed - Waste Grease (Kg)	SCL – Mattampally
Hazardous waste disposed - E-Waste (Kg)	SCL – Mattampally
Non-Hazardous waste disposed - Metal scrap (MT)	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram

Human Capital:

Indicators	Reporting Entities
Lost Time Incident (LTI)	SCL - Mattampally
Lost Time Injury Frequency Rate (LTIFR)	SCL - Mattampally
Near-miss incidents	SCL - Mattampally
Safe man hours	SCL - Mattampally
Per-tonne productivity per employee	SCL - Mattampally
Number of employees trained	SCL – Mattampally, SCL - Bayyavaram
Total number of employees	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram
Number of employees promoted	SCL - Mattampally
Total value of employee benefits disbursed	SCL - Mattampally, SCL – Gudipadu, SCL - Bayyavaram
Employees covered under social security schemes	SCL - Mattampally
Number of employees belonging to local communities	SCL - Mattampally

Social and Relationship Capital:

Indicators	Reporting Entities
Corporate Social Responsibility- Total expenditure	SCL – Mattampally, SCL – Gudipadu, SCL - Bayyavaram

Responsibility of the Management

The Company's management is responsible for content of the Integrated Report, engagement with stakeholders, identification of SPIs, identification and presentation of information including the responsibility for establishing and maintaining relevant and appropriate performance management systems and internal control framework to facilitate, collection, calculation, aggregation and validation of the data with respect to the management's basis of preparation, included in the Integrated Report and preparation of the Integrated Report that is free from material misstatement, whether due to fraud or error.

Our Independence, Ethical Requirements and Quality Control

We have complied with independence policies of Deloitte Haskins and Sells LLP, which address the requirements of the International Federation of Accountants ("the IFAC") Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the SPIs, set out in the subject matter, as disclosed in the report for the year ended 31st March 2020 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance in accordance with International Standard on Assurance Engagement ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the IFAC. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement to obtain sufficient appropriate evidence about whether the SPIs are free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including and understanding of internal controls, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, evaluating appropriateness of quantification methods, agreeing or reconciling with underlying data, etc.

In performing the procedures listed above, we:

- Interviewed key personnel including senior executives at respective plant locations and at the corporate office to understand the, systems and controls in place during the reporting period; and
- Desktop review of respective operational locations as specified in the subject matter in order to:
  - Test data, review of records and review of relevant documentation submitted by the Company, to arrive at the data presented in their Integrated Report; and
  - Analyse and review data management systems, processes, procedures relating to collation, aggregation, validation and reporting of the selected SPIs on a sample basis.

We have relied on the information, documents, records and explanations provided by the Company for the purpose of our review.

Our procedure does not include detailed testing of source data or the operating effectiveness of processes or internal control or review of the Company's financial performance and any other SPIs for the year prior to financial year 2019-20.

Our procedure performed in limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the SPIs have been presented, in all material respects, in accordance with the management's basis of preparation.

Further, a limited assurance engagement does not constitute an audit review of any of the underlying information in accordance with the International Standards on Auditing or International Standard on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

Our Conclusions

The procedures we have performed and the documents and records that were made available to us and according to the information and explanations provided to us by the Company in connection to the review of the SPIs set out in the subject matter paragraph and disclosed in the Report for the year ended 31st March 2020 provides an appropriate basis for our conclusion as per ISAE 3000 (Revised).

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SPIs set out in the subject matter paragraph for the year ended 31st March 2020, are not prepared, in all material respects, in accordance with the management's basis of preparation.

Other Matters

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the reports. The maintenance and integrity of the Sagar Cements website is the responsibility of its management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information on the website, the reports or our independent assurance report that may have occurred since the initial date of presentation.

Restriction on use and distribution

Our work has been undertaken to enable us to express a limited assurance conclusion on the SPI disclosures in the Integrated Report to the Management of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Company, for our work, for this Integrated Report, or for the conclusion we have reached.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W100018)

Vasudevan Ramchandran
Partner
(Membership No. 107013)
UDIN: 20107013AAAAAA8476

Place: Mumbai
Date: 3rd August 2020

Directors' report

Dear Members

Your Directors are pleased to present their Thirty Ninth Report together with the audited Standalone and Consolidated financial statements of the Company for the year ended 31st March 2020.

Financial Results

This discussion on the financial condition and results of operations of your Company should be read in conjunction with its audited stand-alone and the consolidated financial statements containing financials and notes thereto of Sagar Cements Limited and its subsidiaries, namely Sagar Cements (R) Limited, Satguru Cement Private Limited and Jajpur Cements Private Limited for the year ended 31st March 2020, which are summarised below:

₹ In Lakhs

	Stand-alone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Total income	86,390	91,707	1,17,918	1,22,043
Total expenses	81,767	88,000	1,12,951	1,19,723
Profit before tax	4,623	3,707	4,967	2,320
Total Tax	1,150	1,045	2,314	961
Profit after Tax	3,473	2,662	2,653	1,359
Other Comprehensive Income	(42)	(165)	(39)	(186)
Total Comprehensive Income	3,431	2,497	2,614	1,173
Basic & Diluted Earnings per share of ₹ 10 each	16.17	13.05	12.36	6.66

Performance

Subdued demand, compounded by the "covid-19" effect in the far end of the financial year 2019-20 resulted in a lackluster sales performance and a fall in revenue as compared to the previous year. To avoid repetition in the Directors' Report, further details about other aspects of the performance of the Company during the year 2019-20 have been furnished in the Management Discussion and Analysis Report as part of annexure to this report.

Dividend

Dividend is recommended by your Board taking into consideration the factors like overall profitability, cash flow, capital requirements and other business consideration of your company as well as the applicable regulatory requirements. With this background, your Board of Directors is pleased to recommend a dividend at ₹ 2.50 per equity share (25%) on the 2,35,00,000 equity shares of ₹ 10/- each of your company. This would result in a total outflow of ₹ 587.50 Lakhs

Transfer to reserves

No transfer to any reserve is proposed and accordingly, the entire balance available in the Statement of Profit and Loss is retained in it.

Share Capital

With the conversion of the entire 31,00,000 warrants earlier allotted on a preferential basis into 31,00,000 equity shares of ₹ 10/- each at a price of ₹ 730/-, per share, which includes a premium of ₹ 720/- per share, the paid up share capital of your company now stands at ₹ 23,50,00,000/- divided into 2,35,00,000 equity shares of ₹ 10/- each,

Your Board of Directors is pleased to recommend a dividend at ₹ 2.50 per equity share (25%) on the 2,35,00,000 equity shares of ₹ 10/- each of your company.

Utilisation of funds collected through issue of warrants

Pursuant to the approval accorded by you at the Extraordinary General Meeting held on 8th January 2019, your board had allotted 31,00,000 warrants at an issue price of ₹ 730/- per warrant. Each of these warrants was convertible at the option of the warrant holders concerned into 1 equity share of ₹ 10/- each at a premium of ₹ 720 per share within a period of 18 months from the date of allotment of the said warrants. Your company has raised a sum of ₹ 226.30 Crores through the above allotment and the same is being utilised, inter-alia, for investment in the subsidiary companies to part fund the setting up of a fully integrated green field cement plant of 1 MTPA capacity in Madhya Pradesh and a grinding station of 1.5 MTPA capacity in Odisha.

Further details as required under Regulation 32(7A) of the SEBI (LODR) Regulations 2015 regarding the collection and utilisation of the funds referred to as on 31st March 2020, have been given elsewhere in the report on corporate governance, which forms part of the Annual Report.

Subsidiaries, Joint Ventures and Associate Companies

In the year 2015 your company acquired the entire equity stake in BMM Cements Limited, which has since been re-named as Sagar Cements [R] Limited. This wholly-owned subsidiary has a cement plant of 1.25 Million MTs per annum capacity along with a coal based captive power plant of 25 MW capacity in Gudipadu Village in Ananthapur District, A.P.

Having successfully overcome the problems faced by this subsidiary at the time of its acquisition by Sagar Cements with regard to non-availability of limestone from its captive sources for its operations, the performance of this subsidiary is now on right track. It is currently operating at around 70% capacity. Its power unit is also operating at 47% capacity. As you are aware, the cement produced by this subsidiary is sold under the brand name “SAGAR CEMENT”. With this subsidiary further consolidating itself and improving upon its operations, the investments made by your company in this subsidiary will prove to be beneficial to your company in the long run.

Your company has recently acquired majority stake in Satguru Cement Private Limited, which is currently implementing a green field integrated cement plant of 1 MTPA capacity with a waste heat recovery plant in Madhya Pradesh. Another whole owned subsidiary, Jajpur Cements Private Limited, is currently setting up a 1.5 MTPA capacity grinding station at Jajpur in Odisha.

Salient features of the financial of all the above mentioned subsidiaries have been given in Form AOC-1 as **Annexure 1** to this report.

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

Grinding unit in Bayyavaram

This grinding unit, located at Bayyavaram in Vizag District, post its acquisition by your company in the year 2016, has expanded its capacity from 0.18 MTPA to 1.5 MTPA. This unit utilises the surplus clinker available at your plant in Mattampally, for grinding into slag cement to cater to the markets in South Odisha and North Coastal districts of Andhra Pradesh where, with 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’, the focus is more on the investments in their infrastructure sector.

Future outlook

The present low per capita cement consumption in India and the process of its catching up with international averages along with rapid economic growth and increased focus on infrastructure development are expected to drive future growth in the industry.

The cement produced from your company’s existing plants is presently catering to the markets in Telangana, Andhra Pradesh, Karnataka, Tamil Nadu and Maharashtra. South Odisha.

However, with the cement supplies in the above markets being in excess of the demand, the Demand supply Dynamics does not offer much scope for your company to increase its sales volume in these markets to any significant extent, atleast in the near future. Further as these markets are witnessing heavy competition resulting in wide fluctuations in the price impacting the margins, with a view to reducing your Company’s dependence exclusively on these markets, we are looking for opportunities to set up more integrated cement plants/grinding stations in the country, where demand for cement is expected to grow relatively at a faster rate.

As mentioned earlier, your company’s subsidiaries, namely Satguru Cement Private Limited and Jajpur Cements Private Limited are setting up a fully integrated cement plant and a grinding unit in Madhya Pradesh and Odisha respectively and, barring unforeseen circumstances, both these projects are expected to be commissioned by September 2021. Cement to be produced from these plants will cater to demand in the Central and Eastern parts of India. However, till such time that these plants become operational and slow-down caused by the covid-19 impact is fully arrested, your company may have to continue to face the problems like rising input and distribution costs, despite the efforts being made by your company as mentioned above to mitigate the same.

Thus, taking an overall view of the above, your Board is cautiously optimistic about the future outlook for your company.

Human resource development and Industrial Relations

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

Your company is organising training programmes wherever required for the employees concerned to improve their skill. They are also encouraged to participate in the seminars organised 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 grow and realise their full potential. Your company is committed to providing all its employees with a healthy and safe work environment.

Sexual harassment

Regarding the Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013, your company has an Internal Complaints Committee. No complaints were received or disposed off during the year under the above Act and no complaints were pending either at the beginning or at the end of the year.

Awards and Recognitions

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 is the recipient of 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, your 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. the directors 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. the directors 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. the directors have prepared the annual accounts on a going concern basis;

v. the directors have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively;

vi. the directors 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

Shri. O. Swaminatha Reddy, who had associated himself with your company as its Chairman for nearly four decades resigned from the Board on 24th June 2020. Your Board places on record the contributions made him to the deliberation of your Board, which are enormous and praise worthy. Your Board wishes him a healthy and active life in the years to come.

Shri. K. Thanu Pillai, one of the independent directors of the company has since been appointed as Chairman of the Board/Company.

Your Board, pursuant to the recommendation made by its Nomination and Remuneration Committee, has appointed Smt. O. Rekha as an Additional Director and as an Independent Director to hold office for a period of 5 years with effect from 30th June 2020. This appointment, apart from bringing fresh talent to the Board, will also fulfill the mandatory requirement to have a woman Independent Director on the Board of your Company. This appointment is subject to approval of the shareholders.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Dr. S. Anand Reddy and Shri. John-Eric Bertrand will be retiring by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

Necessary resolutions seeking approval of the members for all the above said appointment/re-appointments have been incorporated in the notice of the annual general meeting of the company.

Excepting Smt. 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 in the 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.

Shri. O. Swaminatha Reddy, who had associated himself with your company as its Chairman for nearly four decades resigned from the Board on 24th June 2020.

Independent Directors Declaration

The company has received necessary declarations from all the Independent Directors of the Company in accordance with Section 149 (7) of the Companies Act 2013, that they meet the criteria of independence as laid out in section 149(6) of the said Act and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as an Independent Director during the year.

Number of meetings of the board

During the year 2019-20, 5 meetings of the board were held and the details of these meetings of the Board as well as its committee 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.

5 meetings

of the board were held during the year 2019-20

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 flow, functioning etc.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants (FR No. 008072S), who were appointed as Statutory Auditors of the company by the Shareholders at their 34th Annual General Meeting held on 23rd September 2015 for a period of 5 years, will be holding their said office till the conclusion of the ensuing 39th Annual General Meeting. Subject to the approval of the shareholders and pursuant to the recommendation made by the Audit Committee, your Board has re-appointed the said firm as statutory auditors to hold office for a further term of 5 years. Necessary resolution seeking the shareholders' approval for the purpose has been included in the notice of the ensuing AGM.

Auditors' Report and Secretarial Auditors' Report

Auditors' Report

The auditors' report does not contain any qualifications, reservations or adverse remarks and is an unmodified one.

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. There are no adverse remarks in the said report. Your company has complied with the Secretarial Standards applicable for holding Board and General Meetings.

Secretarial Standards

The company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

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 2021. A resolution seeking shareholders' 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 duly filed with the appropriate authorities under Section 148 of the Companies Act, 2013.

Details in respect of frauds reported by Auditors under Section 143 (12) other than those which are reportable to the Central Government.

There were no frauds reported by the Statutory Auditors under sub-section 12 of Section 143 of the Companies Act, 2013 along with Rules made there under.

Particulars of loans, guarantees and investments

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

Transactions with related parties

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 an arm's 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 ratified by the Board.

During the year 2019-2020 your Company had not entered into transactions with any person or entity belonging to its promoter/promoter group, which holds 10% or more shareholding in the Company.

Corporate Social Responsibility

A brief outline of the Corporate Social Responsibility (CSR) Policy of the company along with the initiative taken by your 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 required under Section 92(3) of the Act, an extract of the Annual Return for the year 2019-20 has been given in the **Annexure 5** in the prescribed format, which forms part of this report and a copy thereof is also available on the company's website: www.sagarcements.in.

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 has been 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:-	
Dr. S. Anand Reddy, M. D.	63.20
Shri. S. Sreekanth Reddy, J. M. D.	58.77

**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, Non-Executive Chairman	These directors, being non-executive directors were not paid any remuneration, other than the sitting fee, in which there was no increase during the financial year
Shri. K. Thanu Pillai, Non-Executive Director	
Shri. T. Nagesh Reddy (APIDC Nominee Director)	
Shri. John-Eric Bertrand, Non-Executive Director	
Shri. V. H. Ramakrishnan, Non-Executive Director	
Smt. S. Rachana, Non-Executive Director	
Dr. S. Anand Reddy, Managing Director	26.58
Shri. S. Sreekanth Reddy, Joint Managing Director	29.17
Shri. R. Soundararajan, Company Secretary	9.79
Shri. K. Prasad, Chief Financial Officer	39.08

c. The percentage increase in the median remuneration of employees in the financial year: 7.91

d. The number of permanent employees on the rolls of Company: 565

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

Particulars	On 31st March 2020 (₹)	On 22nd June 1992	% Change
Market Price in NSE	304.45	Not listed	-
Market Price in BSE	305.70	45.00	579%

f. 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.

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

Whistle Blower Policy

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees of the company to report their 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, inter-alia, 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, Stakeholders' Relationship Committee and Securities Allotment Committee. The composition and other details of these committees, have been given in the Report on the Corporate Governance, which forms part of the Annual Report.

Compliance Certificate

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

Material changes and Commitments since the end of the Financial Year

There were no material changes or commitments between the end of the financial year and the date of this report.

Cautionary Statement

Statements in this report and its annexures describing company's projection statements, expectations and hopes are forward looking. Though, these are based on reasonable assumption, the actual results may differ.

Acknowledgment

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 of company 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	**Dr. S. Anand Reddy**	**S. Sreekanth Reddy**
29th July 2020	Managing Director	Joint Managing Director

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)

S. No.	Particulars	Details	Details	Details
1.	Name of the subsidiary	SAGAR CEMENTS (R) LIMITED	SATGURU CEMENT PRIVATE LIMITED	JAJPUR CEMENTS PRIVATE LIMITED
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	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	Indian Rupees	Indian Rupees
4.	Share Capital	10,381	446	3868
5.	Reserves & surplus	(4173)	14,963	163
6.	Total Assets	54,871	17,103	7,699
7.	Total Equity and Liabilities	54,871	17,103	7,699
8.	Investments	Nil	Nil	Nil
9.	Turnover	35,162	187	0
10	Profit before tax	708	(36)	(77)
11.	Provision for tax	(1,209)	25	20
12.	Loss after tax	(501)	(11)	(57)
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	100%	65%	100%

Notes:

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

Part "B": Associates and Joint Ventures

The company does not have any Associates or 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
1. Latest audited Balance Sheet Date	Nil
2. Shares of Associate/Joint Ventures held by the company on the year end	Nil
No.	Nil
Amount of Investment in Associates/Joint Venture	Nil
Extent of Holding%	Nil
3. Description of how there is significant influence	Nil
4. Reason why the associate/joint venture is not consolidated	Nil
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Nil
6. Profit/Loss for the year	Nil
i. Considered in Consolidation	Nil
ii. Not Considered in Consolidation	Nil

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

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

Place: Hyderabad
Date : 29th July 2020

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 2020

[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,
M/s. Sagar Cements Ltd,
Plot No.111, Road No.10,
Jubilee Hills, Hyderabad,
Telangana - 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 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 the Company'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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on 31st March 2020 complied with the statutory provisions listed hereunder and also 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 financial year ended on 31st March 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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.

(v) 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, 2018;

   (d) The Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; **(Not applicable to the Company during the audit period)**

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**

   (f) The 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 to the Company during the audit period)**

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period)**

(vi) The Employees Provident Fund and Miscellaneous Provisions Act, 1952;

(vii) Employees State Insurance Act, 1948;

(viii) Employers Liability Act, 1938;

(ix) Environment Protection Act, 1986 and other environmental laws;

(x) Equal Remuneration Act, 1976;

(xi) Factories Act, 1948;

(xii) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003;

(xiii) Maternity Benefits Act, 1961;

(xiv) Minimum Wages Act, 1948;

(xv) Negotiable Instruments Act, 1881;

(xvi) Payment of Bonus Act, 1965;

(xvii) Payment of Gratuity Act, 1972;

(xviii) Payment of Wages Act, 1936 and other applicable labour laws;

(xix) 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 Transboundary Movement) Rules, 2008;

v. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;

vi. Water (Prevention & Control of Pollution) Cess Act, 1977;

vii. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;

viii. The Noise Pollution (Regulation And Control) Rules, 2000;

ix. Mines Act, 1952 and Rules issued thereunder;

x. Mines and Mineral (Regulation and Development) Act, 1957;

xi. The Electricity Act, 2003;

xii. National Tariff Policy;

xiii. Essential Commodities Act, 1955;

xiv. Explosives Act, 1884; and

xv. Indian Boilers Act, 1923.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 authorised 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 exist adequate systems and processes and control mechanism in the Company to monitor and ensure compliance with applicable general laws.

We further report 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 is not within the scope of our audit.

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The 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.

We further report that adequate notice was given to all directors to schedule the Board Meetings and agenda with detailed notes there on were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required by them 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, all the decisions of the Board were without any dissent.

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. The Company has allotted:

- 15,50,000 Equity Shares pursuant to conversion of Warrants on 24th July 2019; and
- 3,25,000 Equity Shares pursuant to conversion of Warrants on 27th March 2020.

and there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs.

for **B S S & Associates**
Company Secretaries

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

Place: Hyderabad
Date: 21st May 2020

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,
Telangana 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, that 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 not an assurance as to the future viability of the Company or 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: 21st May 2020

Secretarial Compliance Report

Sagar Cements Ltd
for the year ended 31st March 2020

We, B S S & Associates, Company Secretaries, have examined:

(a) all the documents and records made available to us and explanation provided by Sagar Cements Ltd ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31st March 2020 ("Review Period") in respect of compliance with the provisions of:

  (i) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

  (ii) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable to the Company during the Review Period;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable to the Company during the Review Period;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the Company during the Review Period;

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - Not applicable to the Company during the Review Period;

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder;

And based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) During the Reporting Period, there were no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports: Not Applicable as there were no observations in the previous Annual Secretarial Compliance Report.

for **B S S & Associates**
Company Secretaries

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

Place: Hyderabad
Date: 21st May 2020

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 2019-20.

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

   There were no material contracts or arrangements or transactions with related parties during the financial year 2019-20.

For and on behalf of the Board of Directors

Hyderabad	**Dr. S. Anand Reddy**	**S. Sreekanth Reddy**
29th July 2020	Managing Director	Joint Managing Director

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 is given below and the same is also available on the website of the company, www.sagarcements.in.**

   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:

   (a) To conduct its operations with integrity and responsibility keeping in view the interest of all its stakeholders.

   (b) It believes that growth and environment should go in hand and hand.

   (c) 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 its 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, Shri. S. Sreekanth Reddy and Smt. S. Rachana as its members.

3. **Average net Profit/(Loss) of the company for last three financial years for the purpose of computation of CSR:** ₹ 4,573.00 Lakhs.

4. **Prescribed CSR Expenditure (two percent of the amount as in Item 3 above):** ₹ 91.46 Lakhs.

5. **Details of CSR spent during the financial year:**

   (a) Total amount spent for the financial year: ₹ 81 Lakhs.

   (b) Amount unspent: Nil

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

In ₹

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 project or programme was undertaken	Amount Outlay (budget) Project or programme wise	Amount spent on the projects or programmes Subheads: (1) Direct Expenditure (2) Overheads	Cumulative Expenditure upto the Reporting Period	Amount Spent: Direct or through implementing agency
1	Preventive health care and promotion for safe drinking water	Preventive health care and promotion of sanitation and making available sage drinking water.	Local Areas of Nalgonda District, Telangana	22,36,370	22,36,370	70,17,542	Direct
2	Training and education	Promotion of Education and infrastructure for it.	Local Areas of Nalgonda District, Telangana	18,33,502	18,33,502	82,79,006	Direct
3	Training and promotion of sports	Organising sports events and sponsor of sports personnel	Local Areas of Nalgonda District, Telangana	3,97,747	3,97,747	27,17,753	Direct
4	Rural Development	Laying of Roads and related works	Local Areas of Nalgonda District, Telangana	36,37,400	36,37,400	2,23,39,679	Direct
	Total CSR spent			**81,05,019**	**81,05,019**	**4,035,53,980**	

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.

Hyderabad,
29th July 2020

Dr. S. Anand Reddy
Managing Director

K. Thanu Pillai
Chairman, Corporate Social Responsibility Committee

Annexure 5

Form No.MGT-9

Extract of Annual Return

as on the financial year ended on 31st March 2020

[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	: 15th January 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	: KFin Technologies Private Limited Selenium Tower B, Plot Nos 31-32 Gachibowli, Financial District, Nanakramguda, Hyderabad -500032 Tel : 040-67162222 Fax : 040-23001153 e-mail: einward.ris@kfintech.com T0oll Free No: 1800-3454-001 mailmanager@karvy.comWebsite: kfintech.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	23941	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Sagar Cements (R) Limited (Formerly BMM Cements Ltd.) 19/13, Old # 19/5, 19/6, 3rd Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru – 560052, Karnataka	U40300KA2007PLC043746	Subsidiary	100%	2(87)
2	Jajpur Cements Private Limited Reg. Off: Plot No. 22, Acharaya Vihar Madhusudan Nagar, Bhubaneshwar, Khordha - 751013, Odisha.	U26922OR2010PTC012239	Subsidiary	100%	2(87)
3	Satguru Cement Private Limited Reg. Off: 601/1, Airen Heights, Scheme No. 54 PU-3, A. B. road, Indore - 452001, Madhya Pradesh	U26942MP2001PTC014599	Subsidiary	65%	2(87)

IV. Share Holding Pattern (Equity Share Capital Break up as percentage of Total Equity)

(i) Category-wise Shareholding

	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares at the end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	**Promoters**									
1	Indian									
(a)	Individual/ Hindu Undivided Family	9,007,769	0	9,007,769	44.15	9,008,369	0	9,008,369	40.44	-3.71
	Central Government/State Government(s)									
(c)	Bodies Corporate	1,205,382	0	1,205,382	5.91	1,980,382	325,000	2,305,382	10.35	4.44
(d)	Financial Institutions/Banks									
(f)	Any Other (Specify)									
	Sub Total(A)(1)	**10,213,151**	**0**	**10,213,151**	**50.06**	**10,988,751**	**325,000**	**11,313,751**	**50.79**	**0.73**
2	Foreign									
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)									
(b)	Bodies Corporate									
(c)	Institutions									
(d)	Qualified Foreign Investor									
(e)	Any Other (Specify)									
	Sub Total(A)(2)									
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**10,213,151**	**0**	**10,213,151**	**50.06**	**10,988,751**	**325,000**	**11,313,751**	**50.79**	**0.73**
(B)	**Public shareholding**									
1	Institutions									
(a)	Mutual Funds	2,532,148	1,200	2,533,348	12.42	2,485,834	1,200	2,487,034	11.17	-1.25
(b)	Financial Institutions/Banks	2,436	3,850	6,286	0.03	1,313	3,850	5,163	0.02	-0.01
(c)	Central Government/State Government(s)									
(d)	Venture Capital Funds									
(e)	Insurance Companies	324,241	0	324,241	1.59	336,741	0	336,741	1.51	-0.08
(f)	Foreign Institutional Investors/FPIs	707,424	0	707,424	3.47	677,540	0	677,540	3.04	-0.43
(g)	Foreign Venture Capital Funds									
(h)	Qualified Foreign Investors									
(i)	Any Other (specify) (Trust)									
	Sub-Total (B)(1)	**3,566,249**	**5,050**	**3,571,299**	**17.51**	**3,501,428**	**5,050**	**3,506,478**	**15.74**	**-1.77**
2	Central Governments/State Government(s/President of India									
	Sub-Total (B) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
3	Non-Institutions									
(a)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	1,027,693	231,825	1,259,518	6.17	1,097,395	205,025	1,302,420	5.85	-0.32
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh.	256,715	0	256,715	1.26	283,263	0	283,263	1.27	0.01
(b)	NBFCs registered with RBI	200	0	200	0	0	0	0	0	0
(c)	Employee Trusts									
(d)	Overseas Depositories (Holding DRs) (Balancing figure)									
(e)	Any Other									
	Alternative Investment Fund	4,500	0	4,500	0.02	0	0	0	0	-0.02
	Trusts									
	NRIs	110,935	0	110,935	0.54	117,366	0	117,366	0.53	-0.01
	Clearing Members	6,056	0	6,056	0.03	6,444	0	6,444	0.03	0
	Bodies Corporates	4,812,585	3,101	4,815,686	23.61	5,573,700	2,851	5,576,551	25.03	1.42
	IEPF	161,940	0	161,940	0.79	168,727	0	168,727	0.76	-0.03
	Sub-Total (B)(3)	**6,380,624**	**234,926**	**6,615,550**	**32.42**	**7,246,895**	**207,876**	**7,454,771**	**33.47**	**1.05**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)**	**9,946,873**	**239,976**	**10,186,849**	**49.93**	**10,748,323**	**212,926**	**10,961,249**	**49.21**	**-0.72**
	TOTAL (A)+(B)	**20,160,024**	**239,976**	**20,400,000**	**100.00**	**21,737,074**	**537,926**	**22,275,000**	**100.00**	**0.00**
(C)	**Shares held by Custodians for GDRs & ADRs**									
	GRAND TOTAL (A)+(B)+(C)	**20,160,024**	**239,976**	**20,400,000**	**100.00**	**21,737,074**	**537,926**	**22,275,000**	**100.00**	**0.00**

(ii) Shareholding of promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year (1st April 2019)			Shareholding at the end of the year (31st March 2020)			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged/ encumbered to total shares	
1	S. VEERA REDDY	1,643,795	8.06	0	0	0	0	-8.06
2	S. ARUNA	1,369,545	6.71	Nil	1,369,545	6.15	Nil	-0.56
3	S. RACHANA	1,167,183	5.72	Nil	1,167,183	5.24	Nil	-0.48
4	S. ANAND REDDY	1,306,524	6.40	Nil	1,306,524	5.87	Nil	-0.53
5	SREEKANTH REDDY SAMMIDI	1,238,753	6.07	Nil	1,239,353	5.56	Nil	-0.51
6	S. VANAJATHA	990,769	4.86	Nil	990,769	4.45	Nil	-0.41
7	W. MALATHI	755,400	3.70	Nil	755,400	3.39	Nil	-0.31
8	N. MADHAVI	533,800	2.62	Nil	533,800	2.40	Nil	-0.22
9	P. V. NARSIMHA REDDY	2,000	0.01	Nil	2,000	0.01	Nil	0.00
10	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION LTD	313,285	1.54	Nil	313,285	1.41	Nil	-0.13
11	PANCHAVATI POLYFIBRES LTD	31,500	0.15	Nil	31,500	0.14	Nil	-0.01
12	SAGAR PRIYA HOUSING & INDUSTRIAL ENTERPRISES LTD	860,000	4.22	Nil	860,000	3.86	Nil	-0.36
13	RV CONSULTING SERVICES PVT.LTD.	597	0.00	Nil	1,100,597	4.94	Nil	4.94
14	S. SIDDARATH	0	0	0	821,898	3.69	Nil	3.69
15	S. ANEESH	0	0	0	821,897	3.69	Nil	3.69
	TOTAL	**10,213,151**	**50.06**	**Nil**	**11,313,751**	**50.79**	**Nil**	**0.73**

(iii) Change in Promoters' Shareholding

Sl. No.	Description	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	10,213,151	50.06	10,213,151	50.06
	Acquired during the year				
	Acquired*	1,100,600	4.94	11,313,751	50.79
	Sold*				
	At the end of the year			11,313,751	50.79

** 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 1st April 2019 *		Shareholding at the end of the year 31st March 2020 **	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	AVH Resources India Private Limited	3,583,704	17.57	4,358,704	19.57
2	HDFC Trustee Company Limited – HDFC Prudence Fund	1,306,000	6.40	1,309,820	5.88
3	IDFC Dynamic Equity Fund/Classic Equity Fund	1,001,533	4.91	1,029,533	4.62
4	Twinvest Financial Services Limited	813,327	3.99	813,324	3.65
5	KITARA INDIA MICRO CAP GROWTH FUND	347,349	1.70	275,949	1.24
6	ICG Q LIMITED	330,000	1.62	365,000	1.64
7	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	324,241	1.59	336,741	1.51
8	VANAJA SUNDAR IYER	200,000	0.98	200,000	0.90
9	IEPF	161,940	0.79	168,727	0.76
10	SBI MAGNUM COMMA FUND/SBI INFRASTRUCTURE FUND	146,381	0.72	14,631	0.07

** In the list of top 10 as on 1st April 2019;*

*** In the list of top 10 as on 31st March 2020*

Note: *As the shares of the Company are traded on a daily basis, 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 1st April 2019 *		Shareholding at the end of the year 31st March 2020 **	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Directors						
1	Shri. O. Swaminatha Reddy	01/04/2019	At the beginning of the year	Nil	Nil		
		31/03/2020	At the end of the year			Nil	Nil
2	Smt. S. Rachana	01/04/2019	At the beginning of the year	1,167,183	5.72		
		31/03/2020	At the end of the year			1,167,183	5.24
3	Shri. S. Anand Reddy	01/04/2019	At the beginning of the year	1,306,524	6.40		
		31/03/2020	At the end of the year			1,306,524	5.87
4	Shri. Sreekanth Reddy Sammidi	01/04/2019	At the beginning of the year	1,238,753	6.07		
		31/03/2020	At the end of the year			1,239,353	5.56
5	Shri. K. Thanu Pillai	01/04/2019	At the beginning of the year	Nil	Nil		
		31/03/2020	At the end of the year			Nil	Nil
6	Shri. V. H. Ramakrishnan	01/04/2019	At the beginning of the year	Nil	Nil		
		31/03/2020	At the end of the year			Nil	Nil
7	Shri. John-Eric Bertrand	01/04/2019	At the beginning of the year	Nil	Nil		
		31/03/2020	At the end of the year			Nil	Nil
8	Shri. T. Nagesh Reddy	01/04/2019	At the beginning of the year	Nil	Nil		
		31/03/2020	At the end of the year			Nil	Nil
9	Shri. Jens Van Nieuwenborgh	01/04/2019	At the beginning of the year	Nil	Nil		
		31/03/2020	At the end of the year			Nil	Nil
	Key Managerial Personnel						
1	Shri. R. Soundararajan, Company Secretary	01/04/2019	At the beginning of the year	10	0		
		31/03/2020	At the end of the year			10	0
2	Shri. K. Prasad, Chief Financial Officer	01/04/2019	At the beginning of the year	Nil	Nil		
		31/03/2020	At the end of the year			1,984	0

V. Indebtedness

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

Amount in ₹ Lakhs

Particulars			Secured Loans excluding deposits (Note 1)	Unsecured Loans	Deposits (Note 2)	Total Indebtedness
I		Indebtedness at the beginning of the year				
	i	Principal Amount	28,379.00	-	3,944.00	32,323.00
	ii	Interest due but not paid	-	-	-	-
	iii	Interest accrued but not due	247.00	-	-	247.00
		Total (i+ii+iii)	**28,626.00**	**-**	**3,944.00**	**32,570.00**
		Change in the indebtedness during the financial year				
		Addition	12,504.00	-	-	12,504.00
		Reduction	15,326.00	-	-	15,326.00
		Net Change	(2,822.00)	-	-	(2,822.00)
II		Indebtedness at the end of the year				
	i	Principal Amount	25,557.00	-	5,178.00	30,735.00
	ii	Interest due but not paid	-	-	-	-
	iii	Interest accrued but not due	190.00	-	-	190.00
		Total (i+ii+iii)	**25,747.00**	**-**	**5,178.00**	**30,925.00**

Note: 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

In ₹

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Dr. S. Anand Reddy (M.D.)	Shri. S. Sreekanth Reddy (J.M.D)	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	2,10,00,000	1,89,00,000	3,99,00,000
	(b) Value of perquisites u/s.17 (2) of Income-come Tax Act, 1961	-	-	-
	(a) Profits in lieu of salary under Section 17 (3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	90,00,000	90,00,000	1,80,00,000
	- as % of profit			
	- others, specify (arrears relating to previous year)	-	-	-
5	**Total (A)**	**3,00,00,000**	**2,79,00,000**	**5,79,00,000**
	Ceiling as per the Act (As minimum remuneration)			

B. Remuneration to other Directors

In ₹

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	2,40,000	2,80,000	2,40,000		7,60,000
	Total (1)	**2,40,000**	**2,80,000**	**2,40,000**		**7,60,000**
2	Other Non-Executive Directors	Name of the Director				
		Shri. T. Nagesh Reddy (APIDC's Nominee)*	Shri. John Eric Bertrand	Smt. S. Rachana	Shri. Van Nieuwenborgh Jens (Alternate Director to Shri. John Eric Bertrand)	Total Amount
	- Fee for attending board/ committee meetings	1,20,000	40,000	1,40,000	-	3,00,000
	Total (2)	**1,20,000**	**40,000**	**1,40,000**	**-**	**3,00,000**
	Total (B) = (1+2`)					**10,60,000**
	Total Managerial Remuneration (A + B)					**5,89,60,000**
	Overall Ceiling as per the Act					

** Sitting Fee paid to the Institution he represents, viz., APIDC directly.*

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	35,25,488	48,20,208	83,45,696
	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	Sweet Equity			
4	Commission			
	- As % of profit			
	- Others, specify			
5	Others, Allowances			
	Total	**35,25,488**	**48,20,208**	**83,45,696**

VII. Penalties/Punishment/Compounding of Offences

There were no penalties, punishment or compounding of offences during the year ended 31st March 2020.

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	Dr. S. Anand Reddy	Shri. S. Sreekanth Reddy
Designation	Managing Director	Joint Managing Director
Age	56 years	48 years
Remuneration received (₹)	2,10,00,000	1,89,00,000
Commission received (₹)	90,00,000	90,00,000
Nature of employment	Contractual	Contractual
Nature of duties	General Management	General Management
Qualification	M.B.B.S.	B.E. (I & P) P.G. Dip. in Cement Technology
Experience (Years)	27	24
Date of Commencement of Employment	21st November 1992	26.6.2003
Last Employment held	Nil	Nil

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 eco-friendly and cheaper fuels, reducing wastage and optimising the consumption of energy. Some of the specific measures undertaken in this direction are listed below.

1. Replacement of coal with 100% pet coke as fuel for cost optimisation.
2. Utilisation of AFR for replacement of pet coke to the tune of 2%.

Optimisation of Plant Capacity

Company has taken up Plant optimisation program to enhance the production capacity and reduce the Power and Fuel Consumption.

The following initiatives have been taken.

1. Commissioning of additive dozing system for Cement Mill No. 3 and 4.
2. Commissioning of mechanised clinker truck loading system.
3. Installation of VRM 2 for raw material grinding and likely to be commissioned by end of November, 2020.
4. Modification of limestone apron conveyor for optimum output.
5. Replacement of cooler ESP fan for optimisation of WHR power.

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.

₹ in Lakhs

Sl. No	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
1	Outgo	7,582.48	7,772.46
2	Inflow	Nil	Nil

Management discussion and analysis

I. Global economic review

The year bygone has been through a lot of fluxes that were marked with challenges. Global growth has been subdued at 2.9% in CY2019 compared to the 3.6% in CY2018, mainly due to the effects of the extended lag of the Q4 CY2018. The bottoming out of key economic growth factors in the second half of the CY2019 was weighed down by a slowdown in manufacturing and trade that was caused by trade policy uncertainty, geopolitical tensions and market stress in key developing economies. A modest recovery in Q4 CY2019 showed early signs of stabilisation, mainly due to continued consumer spending and increased business spending, reduced market stress in developing economies and monetary easing measures by Central Banks.

CY2020 commenced with increased stability on the horizons owing to the phase one agreement of the US–China trade conflicts and the uncertainty around Brexit settling down. However, the COVID-19 pandemic afflicted the world, leading to a complete shutdown—impacting life and economic growth across the world. Reduced demand due to insecurity surrounding employment and the rise of a saving culture coupled with lowered investment by businesses due to economic uncertainty compounded the economic crisis. With the growth rate declared as an all-time low in the past 60 years, exceeding the effects of the Great Depression, the recovery from this recession is marked with uncertainty. However, concerted efforts from all corners of the world by governments, corporates, NGOs and others, are ushering in hope.

Outlook

The far-reaching effects of the COVID-19 global shutdown, marked with rising containment costs and shutdown of economic activity, have hit economies hard, more so the low-income developing economies. Growth is estimated to decelerate sharply by 4.9% in CY2020, much below the dropdown caused by the 2008 financial crisis. Growth of an estimated 170 countries would be negatively impacted in 2020. However, assuming that the pandemic is controlled and dissipates in the second half of the year, the resumption of manufacturing and trade activity, as well as policy measures taken to support such growth, would spur growth, leading to an estimated growth of 5.4% in CY2021.

Fiscal efforts touching US$ 8 Trillion by governments and Central Banks along with the monetary measures taken by G20 nations, are helping ease the effect of the crisis. The IMF has secured its US$ 1 Trillion lending capacity through bilateral borrowing, while the Catastrophe Containment and Relief Trust (CCRT) is being boosted to US$ 1.4 Billion to meet the debts of low-income developing economies. These concerted measure, along with proper containment measures of the pandemic, would significantly impact the recovery of global growth rate in CY2021.

The growth of the Indian economy has been hampered by a cyclical slowdown, touching 5% in FY2020, compared to its growth of 6.1% in FY2019.

II. Indian economic review

The growth of the Indian economy has been hampered by a cyclical slowdown, touching 5% in FY2020, compared to its growth of 6.1% in FY2019. Triggered by a sharp deceleration in domestic consumption and slump in manufacturing, the slide was also exacerbated by lowered exports, tepid investment sentiment and lowered tax collection in the first three quarters of the financial year. Inflation increased from 3.3% in the first half of FY2020 to an all-time high of 7.3% in December 2019 due to a temporary spike in food inflation caused by unseasonal rains and low rainfall during the monsoons.

To address the decelerated growth rate, the government introduced reforms such as the easing of credit to the stressed real estate and the NBFC sectors. To facilitate this, the RBI reduced repo rate by 135 bps throughout the year. The government also speeded up the insolvency resolution process of the Insolvency and Bankruptcy Code (IBC) and raised the fiscal deficit target to 3.8% as opposed to the 3.3% pegged for FY2020 in the Union Budget 2020-21.

Growth during the year has largely been influenced by the performance of key drivers such as the industry and infrastructure, agricultural and food management, the services sector and the social infrastructure, besides the employment and human development sectors. The services sector contributes to about 55% of the economy and GVA growth, contributing to two-thirds of total FDI inflows and about 38% of total exports. The industrial sector, dominated by the steel, cement and fertiliser industries, received a boost due to increased capacity installation of power generation, communication technology development and increased infrastructure spending on the National Infrastructure Pipeline (NIP). An investment plan for 2020-2025, unveiled by the central government for enhancing infrastructure in identified sectors, aims to provide world-class infrastructure across the country and improve the quality of life for all citizens.

Despite these measures, the unprecedented COVID-19 pandemic and the imposed lockdown have deeply impacted human life and economic activity within the country. With the disruptions of supply chains due to the global lockdown, lowered demand led to businesses coming to a standstill. The problems of degrowth in FY2021 have led to drastic measures such as postponed expansion and fund-raising plans, reduced exports, manpower reduction to cut down on costs, thereby stunting the recovery of the Indian economy in its tracks.

To shore up demand and support the state governments in their efforts, the central government has announced a ₹ 20 trillion package, worth 10% of the GDP. The relief package, which is one of the largest economic packages announced by the government, is designed to put money in people's pockets, thereby spurring domestic consumption. It also emphasises on supporting the cottage industry, micro, small and medium enterprises (MSMEs), daily wage earners and the economically challenged. The package was announced with a call to action for a self-reliant India, founded on the pillars of Economy, Infrastructure, System, Vibrant Demography and Demand.

Outlook

While the future is marked with uncertainty, the lifting of the imposed lockdown in the coming months would recommence economic activity in a phased manner. The Indian economy is expected to contract by 4.5% in FY2020 and bounce back with a 6% growth in FY2021. The government's policy measures, the monetary easing by central banks and the government's ₹ 20 Trillion package, would significantly dissipate the severity of the situation, and position the Indian economy on the road to recovery.

III. Industry overview

Performance

The cement industry, one of India's most dynamic and fast paced sectors, has an estimated cement production capacity of 550 million tonnes per annum (MTPA) as of FY2020. As the second largest cement producer in the world, India accounts for ~8% of the global cement production (in terms of installed capacity), out of which the top 20 companies account for 70% of the total production. The industry's cement production touched 337.32 MnT from April 2019 to January 2020.

While the outlook looked bright with cement production capacity peaking to 550-600 MTPA by FY2025, the onset of the COVID-19 pandemic and the subsequent global lockdown has impacted the industry's growth considerably. With construction, logistics, manufacturing and exports coming to a standstill, growth is estimated to decline by 45-50% in Q1 FY2021, with single digit growth expected in the second quarter. (Source: IBEF, India Ratings and Research)

Reduced demand and supply ratio

Cement manufacturing has increased steadily, driving the supply side of the Indian cement industry over the years. The growth is supported by an abundant supply of essential minerals used for manufacturing cement, which include limestone (calcium), bauxite

To shore up demand and support the state governments in their efforts, the central government has announced a ₹ 20 trillion package, worth 10% of the GDP.

(aluminium), iron ore, and coal. This has resulted in zero- or low-cost of import of raw materials for cement manufacturers, thus making cement businesses profitable in India.

The demand for cement will continue to grow in the next few years. The housing segment accounted for maximum demand in FY2019, with approximate 38% demand generated by the rural housing sector, followed by approximate 32% demand by the urban housing sector. There would be a steady increase in demand due to the robust execution of affordable government housing schemes like the Pradhan Mantri Awas Yojana, and Housing for All by 2022. Apart from these, the commercial and industrial investments as well as the infrastructure segment comprising the government's ambitious plan of developing 98 smart cities, have accounted for rising demand for cement.

To meet this growing demand, supply has been stepped up with additional capacity installation, which in turn is boosted with ready availability of raw material—sourced locally or through imports. The sector has received a boost due to the availability of capital for infrastructure development at lowered interest rates, controlled pricing by major players and lowered threat from the substitutes market, which will contribute to the enhanced performance of this sector. An additional capacity of 18-20 MTPA will be added in FY2020, mainly due to the easy availability of essential minerals such as limestone (calcium), bauxite (aluminium), iron ore, and coal, thereby driving the supply side of the Indian cement industry over the years.

Geographic distribution

The industry consists of 210 large cement plants, which account for a cumulative installed capacity of over 410 million tonnes, while 350 smaller plants account for the rest. Of the large cement plants, 77 are located in the states of Andhra Pradesh, Rajasthan and Tamil Nadu. A capacity addition of 20 MTPA is expected between FY2019 and FY2021. The state of Tamil Nadu, Andhra Pradesh, and Karnataka, together accounted for the highest cement production installed capacity of ~35% in FY2018, followed by Rajasthan, Punjab and Haryana, which collectively accounted for ~23% of the total installed capacity.

Key trends

The growth of the cement industry is influenced by several key trends that would reduce the supply-demand ratio in the coming years.

(Source: IBEF, Motilal Oswal Cement Sector Update–Jan 2020)

1. **Increase in housing and infrastructure development**

The demand for cement will be driven by the government's ambitious development initiatives. Announced during the Union Budget 2020-21, the initiatives that would boost the growth of the cement industry include

- Extended benefits under Section 80-IBA of the Income Tax Act till 31st March 2020 to promote affordable housing in India
- Allocation of ₹ 139 Billion (US$ 1.93 Billion) for Urban Rejuvenation Mission: AMRUT and Smart Cities Mission
- Infrastructure development along with housing for all, Smart Cities Mission and Swachh Bharat Abhiyan
- Upgradation of 1,25,000 km of road length over the next five years
- Outlay of ₹ 27,500 Crores (US$ 3.93 Billion) allotted under the Pradhan Mantri Awas Yojana in the Union Budget 2020-21

During FY2012–FY2020, imports of cement, clinker and asbestos cement rose at a CAGR of 7.99% to touch US$ 57.61 Million in FY2020.

2. **Easy availability of raw material**

The boost in cement productivity is influenced by the ready availability of raw material like limestone and coal within the country as well as the increased inflow of FDI related to cement and gypsum products that amounted to US$ 5.28 Billion between April 2000 and December 2019. During FY2012–FY2020, imports of cement, clinker and asbestos cement rose at a CAGR of 7.99% to touch US$ 57.61 Million in FY2020. In a similar trend, India's exports of cement, clinker and asbestos cement increased at CAGR of 10.54% between April and July 2019 to reach US$ 177.93 Million.

3. **Building sustainability**

With the growing criticality of the Indian cement market, building sustainability over the long term gains increased significance. The Global Cement and Concrete Association (GCCA) will accelerate the sustainable development agenda by helping the industry achieve the Sustainable Development Goals (SDG) that are related to climate change, circular economy and others through adoption of best practices in safety, production, use of cement and concrete in the environment and fostering innovation in the cement and concrete manufacturing sectors.

4. **Pricing trends**

Partial price control is exercised by major players as well as the subdued threats from the substitutes market. Cement price movement tends to fluctuate with seasonality, which is largely influenced by the sales volumes that are stronger in the first half, but are impacted by a slowdown in construction activity due to monsoons and festive seasons in the second half. A study over a 25-year period showed a rise of 7% on average in the first half of the calendar year, but there was a decline of 2% in the second half.

January 2020 began on a positive note with a price hike of ~₹ 10/bag (3%) after falling by ~₹ 30/bag (9%) in the second half of CY2019 and will see a continued trend till March 2020 due to the increase in demand. This would be further supported by cost tailwinds in the March 2020 quarter as a result of lowered petcoke price and operating leverage gains from seasonally higher volumes. Compared to the prices in April–May 2019 when price hikes of ₹ 50–60/bag were initiated, the current prices are lower by 6%. The decline is predominantly seen in the east, west and south, while north and central India have fared better due to improved capacity utilisation.

Outlook

Cement production in India is expected to touch 410.21 MnT by FY2024, expanding at a compound annual growth rate (CAGR) of ~3.83% during the FY2019–FY2024 period, owing to rising demand from the government and housing contractors. Cement consumption is anticipated to increase at a CAGR of ~4.38% during the forecast period owing to the sanction of schemes for improving roads and highways connectivity and housing facility related programs, and growing demand from the commercial real estate sector, as per the January 2020 estimates by IBEF.

However, with the onslaught of the COVID-19 pandemic, the industry would face successive declines in FY2020 and FY2021. As per India Ratings and Research, cement capacity utilisation would decline to a historical low of 61% in FY2021.

Growth would subsequently resume, albeit at a slower pace. The eastern states of India will be the new unexplored markets for cement companies and would contribute significantly to their bottom line. Clinker and grey cement export to the Middle East, Africa, and other developing nations of the world in the next ten years, would increase considerably, helping India retain its stronghold on the global map.

IV. SCL performance overview

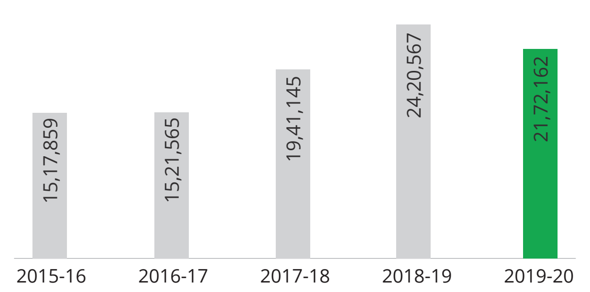
Operational performance

During the first three quarters of the year, SCL performed reasonably well across all metrics. However, in the light of the unprecedented COVID-19 situation, our operations have been impacted and our overall guidance for the year stands affected. That said, we expect the impacts to be short-lived and our overall growth trajectory in the medium- to long-term remains largely on track.

During the year, we clocked an overall sale of ₹ 819.60 Crores, contributed by encouraging response from the Southern and Eastern markets. Our long-standing channel partner relationships continued to hold us in good stead and supported our growth.

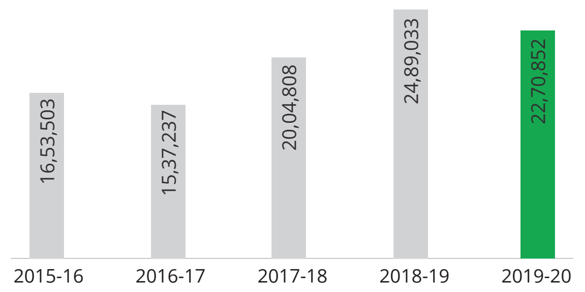
Cement Production

(in T)



Cement Sales

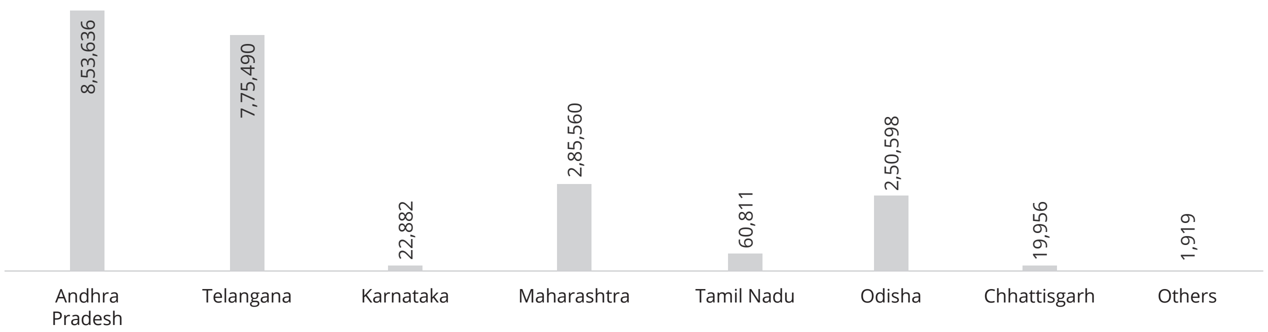
(in T)



Business performance

Region wise Sales

(in T)



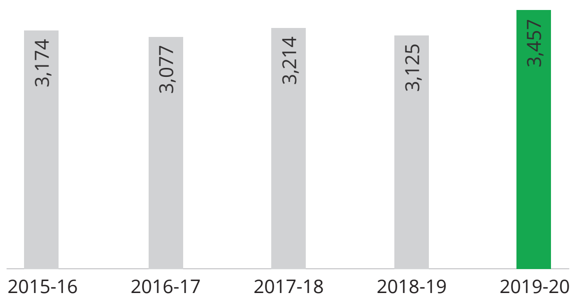
Financial performance

Particulars	FY2020	FY2019
Cement Production (in T)	21,72,162	24,20,567
Cement Sales (in T)	22,70,852	24,89,033
Average Net Sales Realisation per T (₹)	3,457	3,125
Total Revenue (₹ in Lakhs)	86,390	91,707
EBITDA (%)	16	13

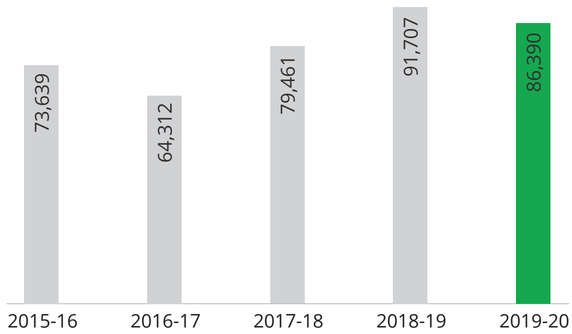
₹ in Lakhs

Particulars	Stand-alone		Consolidated	
	FY2020	FY2019	FY2020	FY2019
Total income	86,390	91,707	1,17,918	1,22,043
Total Expenses	81,767	88,000	1,12,951	1,19,723
Profit Before Tax	4,623	3,707	4,967	2,320
Total Tax	1,150	1,045	2,314	961
Profit After Tax	3,473	2,662	2,653	1,359
Other Comprehensive Income	(42)	(165)	(39)	(186)
Total Comprehensive Income	3,431	2,497	2,614	1,173
Basic & Diluted Earnings Per Share of ₹ 10 each (₹ Per Share)	16.17	13.05	12.36	6.66

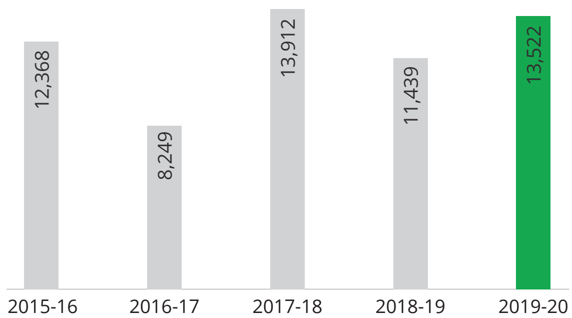
Average Net Sales Realisation (₹ in T)



Total Revenue (₹ in Lakhs)



EBITDA (₹ in Lakhs)



Key Ratios:

Sl. No.	Particulars	FY2020	FY2019
1	Debtor's Turnover Ratio	9.80	13.21
2	Inventory Turnover Ratio	9.08	10.39
3	Interest Coverage Ratio	2.36	2.12
4	Current Ratio	0.90	1.00
5	Debt Equity Ratio	0.14	0.20
6	Operating Profit Margin (%)	9	8
7	Net Profit Margin (%)	4	3
8	Return on Networth (%)	3	3

Our sustainability performance, across environmental, social, human and governance aspects can be found on page 40-41.

V. Risk Management System:

While your Company is subject to normal external business risks associated with similar companies operating within the cement industry, your Company attaches utmost importance to the assessment of internal risks and the management thereof in all its dealings. Like any other dynamic business organisation, your Company is constantly on the lookout for identifying new opportunities to enhance its enterprise value. Keeping in view the need to minimise the risks associated with such efforts, every proposal of significant nature is screened and evaluated for the risks involved in it and then approved at different levels in the organisation before implementation.

With a view to overcoming the risk of dependence exclusively upon any particular marketing segment or region, your Company is trying to reach out to a wider section of its ultimate consumers and, as mentioned earlier, is looking for growth opportunities in other states, where infrastructure spending is set to get a boost.

Your 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 adequate insurance coverage for the Company's facilities. Further details are available on page 36-39 of this report.

VI. Internal control and audit

Your Board of Directors are satisfied with the adequacy of the internal control system currently in force in all major areas of operations of the Company, 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, your Board is of the opinion that the Company's internal controls are adequate and effective.

Business responsibility report

As per the amendment made by SEBI in December, 2019 to the SEBI (LODR) Regulations, 2015, the Regulation relating to furnishing of Business Responsibility Report as part of the Annual Report has become applicable to the Company. While some of the policies required for conduct of business in a responsible way were already followed by the Company, the other policies required to be adopted have since been framed to meet the above requirement. The process of implementing these policies have since been initiated with the formulation of the policies by the Board of Directors and with the appointment of Shri. S. Sreekanth Reddy, Joint Managing Director as the Nodal Officer, who has been empowered to form a Committee consisting of Senior Management Personnel to assist him.

Section A: General Information about the Company

Sl. No.	Particulars					
1	Corporate Identity Number (CIN) of the Company		L26942TG1981PLC002887			
2	Name of the Company		SAGAR CEMENTS LIMITED			
3	Registered address		Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, Telangana, India			
4	Website		www.sagarcements.in			
5	E-mail ID		info@sagarcements.in			
6	Financial Year reported		Year ended 31st March 2020			
7	Sector(s) that the Company is engaged in (Industrial activity code wise)		**Group**	**Class**	**Sub Class**	**Description**
8	List three key products/services that the Company manufactures/provides (as in balance sheet)		Cement Manufacture of Cement			
9	Total number of locations where business activity is undertaken by the Company					
	a)	Number of International Locations (Provide details of major 5) :	Nil			
	b)	Number of National Locations	**Cement Plants:** Mattampally, Via, Huzurnagar, Suryapet District, Telangana-508204 Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District-531031, Andhra Pradesh **Hydel Power Units:** Guntur Branch Canal Hydel Project, Tsallagundla Adda Road, Nekarikallu Mandal, Guntur District-522 615, Andhra Pradesh Lock-in-Sula Hydel Project, Banumukkala Village, Banakacherla Regulator Pamulapadu Mandal, Kurnool District-518 422, Andhra Pradesh			
10	Markets served by the Company- Local/State/ National/International		**Local** √	**State** √	**National** √	**International**

Section B: Financial details of the Company

1	Paid-up Capital (INR)	₹ 2,227.50 Lakhs
2	Total Turnover (INR)	₹ 81,960 Lakhs
3	Total profit after taxes (INR)	₹ 3,473 Lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The company has spent ₹ 83.6 Lakhs on CSR activities, constituting 2.3% of profit after tax for 2019-20
5	List of activities in which expenditure in 4 above has been incurred : (a) Eradication of Poverty;	(a) Eradication of Poverty (b) Promotion of Education and Skill development (c) Rural Development (d) Environment (e) Rural Sports (f) Promotion of Gender Equality

Section C: Other details

1 Does the Company have any Subsidiary Company/Companies?

Yes. The Company has 3 subsidiary companies viz.,

1. Sagar Cements (R) Limited
2. Satguru Cement Private Limited
3. Jajpur Cements Private Limited

Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?

If yes, then indicate the number of such subsidiary company(s) No

Do any other entity/entities (e.g. suppliers, distributors etc.) participate in the BR initiatives of the Company. If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]

No. The other entities with whom the company does business do not participate in the BR initiatives of the company.

Section D: BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1	DIN Number	00123889
2	Name	Shri. S. Sreekanth Reddy
3	Designation	Joint Managing Director

(b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN Number	00123889
2.	Name	Shri. S. Sreekanth Reddy
3.	Designation	Joint Managing Director
4.	Telephone number	040 23351571
5.	e-mail id	sreekanth@sagarcements.in

2. Principle wise (as per NVGs) BR Policy/policies:

The nine principles are as under:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all its employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all their stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for ?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	http://www.sagarcements.in/ BusinessResponsibilityPolicy.html								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in–house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit /evaluation of the working of this policy by an internal or external agency?	We are in the process of appointing independent internal agency for evaluating the working of all the Policies.								

(b) **If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	–	–	–	–	–	–	–	–	–
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	–	–	–	–	–	–	–	–	–
3	The Company does not have financial or manpower resources available for the task	–	–	–	–	–	–	–	–	–
4	It is planned to be done within next 6 months	–	–	–	–	–	–	–	–	–
5	It is planned to be done within the next 1 year	–	–	–	–	–	–	–	–	–
6	Any other reason (please specify)	–	–	–	–	–	–	–	–	–

3. **Governance related to BR:**

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.**

Annually

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The current BR is the first one. The Company has earlier published a Sustainability Report for the year 2018-19.

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable

(1) **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

The Company has got a Code of Conduct and Vigil Mechanism that were approved by the Board of Directors. These are applicable to the Board Members and Senior Management of the Company and an annual affirmation on compliance of the Code is taken from them. The Company persuades parties associated with it to follow the principles of ethics, etc. and gives importance to Corporate Governance which is an integral part of the management of the company.

(2) **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

There were no complaints on ethics/transparency and accountability during the year.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

(1) List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) The Company is engaged in the manufacture of cement that help customers to build sustainable structures which are more durable and more environmental friendly and resource efficient. The Company is primarily engaged in the production of blended cement which uses fly-ash, a natural waste, as an additive and slag a waste from blast furnace in steel plans contributing for the improvement in the environment.

(b) The Company also concentrates on reducing the use of clinker in the cement thereby resulting in conservation of lime stone and reducing the CO_2 emissions.

(c) The Company also effectively generates power from its waste heat recovery, solar and hydel power plants, addressing the carbon emissions, saving of fuels in the process of power generation.

(d) The company is also making efforts in water conservation by means of rain water harvesting, use of reject water, after treatment in process.

(2) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

On the production front, the Company has been continuously striving hard to reduce the power and fuel consumption thereby contributing for the improvement of environment. Supply chain management plays a key role in achieving economies in cost of inward materials and logistics cost of outward movement.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The end usage of cement by customers and its purposes are not available with the Company and hence the reduction in consumption of energy and water by them by utilising our product cannot be quantified. However the company is promoting & providing technical support for adopting environment friendly practices in use of cement and in construction.

(3) Does the Company have procedures in place for sustainable sourcing (including transportation)?

Yes

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The major raw material required for the Company is lime stone and the plant is located in proximity to the lime stone deposits resulting in minimum of transport cost, with lesser fuel and lesser carbon emission. Also the company installed the crushing machinery which is used for size reduction is installed in mine and below ground level avoiding ramp thereby reducing vehicle transport distance and fuel consumption. Most of the other raw materials required for process are procured by the Company from nearby sources and their selection process and practices adopted by the Company are focused towards delivering quality raw material at the cheapest costs incurring very less freights in a sustainable manner. All the inputs are sourced on a sustainable basis and the Company has also long term agreements/leases in place for gypsum, lime stone, fly-ash, slag etc.

(4) Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company gives preference to local vendors for supply of stores, spares, PP bags and repair works. Our contractors who are engaged in the repairs and maintenance of plants are employing workmen from the nearby villages by providing opportunities for them to earn livelihood. The local vendors are provided with safety equipment and apparatus and are expected to adhere to the safety procedures of the Company.

Skilled engineers of the company are visiting the suppliers manufacturing units, offices at regular intervals and interacting with them to promote their skill development and also to make their operations, practices are more environment friendly.

(5) Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so

The Company is engaged in manufacture of cement and power and does not directly discharge any effluent or wastes. The fly-ash from our power plants are entirely used in our cement production. The waste water discharged from the power plant operations is purified, recycled and used in process, for dust separation, gardening and house-keeping in the colony.

The excess heat available from the kiln is also captured by the waste heat recovery plant and used for generation of power at the cheapest cost. All waste materials like copper slag, fly ash, gypsum are being used in the process. Oil wastes are disposed of duly complying with pollution control procedures to approved vendors.

Principle 3: Businesses should respect and promote the well-being of all its employees, including those in their value chains

(1) Please indicate the Total number of employees.

No. of permanent employees is 567 (Managerial -165 & Non-Managerial - 402)

(2) Please indicate the Total number of employees hired on temporary/contractual/casual basis

Number of Contract Employees engaged through Registered/contractual/casual basis. Licensed Contractors 763 (Packing Plant & Other areas)

Mines & security not included.

(3) Please indicate the Number of permanent women employees: 8

(4) Please indicate the Number of permanent employees with disabilities: Nil

(5) Do you have an employee association that is recognised by the management

Yes. There are recognised trade unions constituted as per the terms of the Trade Unio9ns Act at the Company's manufacturing units.

(6) What percentage of your permanent employees is members of this recognised employee association?

26.85%

(7) Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	NA
2	Sexual harassment	Nil	NA
3	Discriminatory employment	Nil	NA

(8) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees - 100%

(b) Permanent Women Employees - 100%

(c) Casual/Temporary/Contractual Employees

(d) Employees with Disabilities

Principle 4: Businesses should respect the interests of and be responsive to all their stakeholders

(1) Has the Company mapped its internal and external stakeholders? Yes/No

Yes. The Company has mapped its internal stakeholders as well as external stakeholders.

(2) Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.

The Company is in the process of identifying its marginalised stakeholders by way of vendors, stockists, contract workers who are situated in and around its factory locations which are essentially under-developed locations requiring attention.

(3) Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

Most of the Corporate Social Responsibility (CSR) activities undertaken by the Company are towards the welfare of the people and stakeholders in and around our factory locations by providing health and sanitary care, educational facilities and vocational training, infrastructural facilities like road, water, etc. Most of the welfare schemes undertaken by the Company are targeted towards upliftment of the poor and down-trodden and marginalised stakeholders located in and around our factories to enable them to have a sustainable livelihood and aimed at rural development.

Principle 5: Businesses should respect and promote human rights

(1) Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?

The Company has a Code of Conduct for Directors and Senior Management of the Company. The Company complies with the National and Local Laws as far as the individual rights are concerned. However, there is no specific human rights policy for the time being.

(2) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaints for violation of human rights were received by the Company during the financial year.

Principle 6: Businesses should respect, protect and make efforts to protect and restore the environment

(1) Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ others.

The Company has a Policy on Safety Health and Environment (SHE), which covers all the operations of the Company. Subsidiaries are not covered in BR initiatives of the company.

(2) Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The Company is committed to reduce Greenhouse Gas (GHG) emissions and have got short-term and long-term targets in this regard.

All these targets are aimed at:

(a) Improving the blended cement ratio by using slag and fly ash and reducing clinker factor in the overall cement by paving way for carbon reduction.

(b) Continuous focus on reduction of thermal and electrical energy consumption.

(c) Installation of Waste Recovery System and renewable energy in the form of hydel power plants.

(d) Utilisation of waste products from its thermal power plants like fly ash to improve the environment.

(e) Development of ponds and afforestation of the mined area to ensure greener environment.

(f) Installation of high efficiency bag filters in place of ESPs to ensure emissions are well within the permissible limits and continuous monitoring of the same by relevant authorities.

(3) Does the Company identify and assess potential environmental risks ? Y/N

The Company has got a Risk Management Policy and the potential environmental risk and other risks form part of Business Risk Management review, where all such risks are identified and mitigation process are formulated.

(4) Does the Company have any project related to Clean Development Mechanism ? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No

(5) Has the Company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for webpage etc.

(a) As already mentioned, the Company has taken lot of steps towards clean technology, energy efficiency and renewable energy through installation of hydel power plants, solar power plant.

(b) The Company is focusing on improving the usage of additives and reducing the clinker in cement to ensure carbon reduction and also focus on value added varieties of cements.

(c) The company continuously monitor and takes measures for reducing power and fuel consumption.

(6) Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported ?

Yes. Emissions/Waste generated by the Company are within the permissible limits given by the Central and State Pollution Control Boards. There are no significant wastes produced by the Company.

(7) Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

(1) Is your company a member of any trade and chamber or association ? If Yes, Name only those major ones that your business deals with:

(a) Cement Manufacturers Association (CMA)

(b) National Council for Cement and Building Materials (NCCBM)

(c) Confederation of Indian Industry (CII)

(d) Federation of Indian Chambers of Commerce and Industry (FICCI)

(2) Have you advocated/lobbied through above associations for the advancement or improvement of public good ? Yes /No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) ?

The Company, as part of its activities under Corporate Social Responsibility (CSR), has taken steps for improvement of health and safety of the people in the villages around its factories, supporting irrigation facilities by constructing check dams etc. thereby improving their income.

The company also promoting & providing technical support for conservation of water in the usage of concrete, biodiversity conservation, increased usage of blended cement as sustainable building materials.

Principle 8: Businesses should promote inclusive growth and equitable development

(1) Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8 ? If yes details thereof

As part of CSR, the Company has developed detailed programmes focused on developing the neighbourhood and ensuring a better livelihood for the underprivileged people. Towards these programmes, all stakeholder groups are addressed which, inter alia, include promotion of basic education, rural employment, sustainable operations of the public health centres, development of infrastructure like roads, lights, drinking water supply, medical camps and facilities and social reforms, which will ultimately pave way for a sustained livelihood for the neighbourhood.

(2) Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation ?

The Company's projects are implemented through In-house. Some of the healthcare and welfare activities are also being undertaken through governmental agencies and private hospitals and NGOs

(3) Have you done any impact assessment of your initiative?

The Company is generally reviewing the impact assessment of its CSR initiatives, which is reflected in the form of feedback from the beneficiaries. However, the Company is also in the process of formulating a scheme for a systematic review of the performance of its various programmes and the resultant benefits.

(4) What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

₹ 81 Lakhs towards Eradication of Poverty, Promotion of Education and Skill Development, Rural Development, Environment, Rural Sports, Promotion of Gender Equality etc., as detailed in Sl.No. 4 under Section B of this Report.

(5) Have you taken steps to ensure that this community development initiative is successfully adopted by the community ? Please explain in 50 words, or so.

Yes. The Company follows a process before undertaking any community development project. These projects are undertaken based on either the request from the community or based on the survey and initiative taken by the Company for improvement of the society and the environment. An assessment report is prepared regarding the cost and benefits that will accrue to the community people and based on the importance, these projects are listed and being implemented one by one on various issues like primary education improving the educational facilities, providing furniture to schools, maintenance of primary health centres, drinking water supply scheme, healthcare and sanitation and infrastructure development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

(1) What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

The Company has been continuously meeting its stockists and consumers to apprise them on various issues regarding quality, setting time, strength, etc. and also to understand their concerns. Most of the concerns are being reviewed regularly and then resolved immediately then and there to their satisfaction. There were no complaints from end-consumers pending as of 31st March 2020 from consumers.

(2) Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)

The Company displays all the information regarding the product as mandated by Bureau of Indian Standards (BIS) and relevant Local Laws applicable on the cement bag.

(3) Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

The Company does not indulge in any anti-competitive activities. There were no complaints pending in this respect.

(4) Did your company carryout any consumer survey/consumer satisfaction trends?

The senior marketing officials periodically visit its main customers, namely, stockists, sub-dealers, consumers, as part of the appraisal programme and get the feedback on the satisfaction levels on supply, quality and other terms, etc.

Corporate Governance Report

Pursuant to Schedule V read with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), compliance with the requirements of Corporate Governance is set out below

1. Company's philosophy on code of governance:

Sagar Cements Limited ("The Company") 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.

2. Board of Directors:

Composition:

As on 31st March 2020, the Board of Directors had an optimum combination of Executive and Non-Executive Directors and its composition was in conformity with Regulation 17 of the Listing Regulations 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 31st March 2020, the Company had nine Directors.

(ii) The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on 31st March 2020 are given hereunder. Other directorships do not include their directorships if any in 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 2019-20		Whether attended last AGM held on 24.7.2019	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	Chairman and Independent Director	5	5	Yes	2	2	2	1
Dr. S. Anand Reddy	Managing Director (Promoter Group)	5	3	Yes	-	4	1	-
Shri. S. Sreekanth Reddy	Joint Managing Director (Promoter Group)	5	5	Yes	1	3	-	-
Smt. S. Rachana	Non-Executive (Promoter Group)	5	4	Yes	-	1	-	-
Shri. K. Thanu Pillai	Independent and Non-Executive, Director	5	5	Yes	-	6	-	1
Shri. V. H. Ramakrishnan	Independent and Non-Executive, Director	5	5	Yes	-	2	-	3
Shri. T. Nagesh Reddy	Nominee Director of APIDC, (Equity Investor)	5	5	Yes	-	-	-	-
Shri. John-Eric Bertrand	Non-Executive	5	4	No	-	-	-	-
Jens Van Nieuwenborgh	Alternate Director to Shri. John-Eric Bertrand	5	0	No	-	-	-	-

(iii) Directorships and their category in other listed entities:

Sl. No.	Name of the Director	Category of Directorship	Names of the other Listed Entities where the person is a director and the category of such directorship		
				Company	Category
1	Shri. O. Swaminatha Reddy	Chairman and Independent Director	1.	Bhagyanagar India Ltd.	Independent Director
			2.	Surana Solar Ltd.	Independent Director
2	Dr. S. Anand Reddy,	Managing Director (Promoter Group)	-		-
3	Shri. S. Sreekanth Reddy,	Joint Managing Director (Promoter Group)	1.	Sagarsoft (India) Ltd.	Chairman – Non-Executive
4	Smt. S. Rachana	Non-Executive Director (Promoter Group)	-		-
5	Shri. K. Thanu Pillai	Independent Director	1.	Sathavahana Ispat Ltd.	Independent Director
6	Shri. V. H. Ramakrishnan,	Independent Director	1.	The KCP Ltd.	Independent Director

Sl. No.	Name of the Director	Category of Directorship	Names of the other Listed Entities where the person is a director and the category of such directorship	
			Company	Category
7	Shri. John-Eric Bertrand	Non-Executive Director	-	-
8	Shri. T. Nagesh Reddy	Nominee Director of APIDC, (Equity Investor)	-	-
9	Shri. Jens Van Nieuwenborgh	Alternate Director to Shri. John-Eric Bertrand	-	-

(iv) As on 31st March 2020, none of the Directors on the Board held directorships in more than eight listed companies and independent directorships in more than seven listed companies and 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/she was a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March 2020 have been made by the Directors.

Among the directors, Dr. S. Anand Reddy and Shri. S. Sreekanth Reddy are brothers and Smt. S. Rachana is wife of Shri. S. Sreekanth Reddy.

(v) All the Independent Directors are non-executive directors in accordance with Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. On the expiry of their previous term as independent directors, were re-appointed for a period of 3 years. The Independent Directors have confirmed that they meet with the criteria mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

(vi) The Board held five meetings during the year under report and the gap between any such two consecutive meetings did not exceed one hundred and twenty days. The dates of these meetings are: 22nd May 2019, 24th July 2019, 19th September 2019, 21st October 2019 and 28th January 2020.

(vii) During the year under report, all the information as applicable and falling under Part A of the Schedule II of SEBI Listing Regulations, were placed before the Board for its consideration.

(viii) The terms and conditions of appointment of the Independent Directors are available on the website of the Company.

(ix) During the year, the Independent Directors separately held a meeting on 28th January 2020.

(x) The Board periodically reviews the reports furnished to it by the company on compliance with laws applicable to the Company.

(xi) The details of the familiarisation programme of the Independent Directors are available on the website of the Company (www.sagarcements.in).

(xii) In the opinion of the Board, the independent directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

(xiii) Skill, competence and expertise of the Board of Directors identified by the Board for its effective functioning:

The company's present Board is a skill-based one, comprising of Directors who collectively have the skills directly relevant to performing the function as a member of the Board and the personal attributes or qualities that are identified and considered desirable to be an effective Director like, integrity (ethics), effective communicator, constructive questioner, contributor and team player, commitment and leadership skills. Apart from the above, the whole-time directors of the company have the technical skill/managerial experience, expertise and an in-depth knowledge of the company and cement industry for discharging their responsibilities.

(xiv) Details of equity shares of the Company held by the Directors as on 31st March 2020 are given below:

Name	Category	Number of equity shares
Dr. S. Anand Reddy	Managing Director – Promoter Group	13,06,524
Shri. S. Sreekanth Reddy	Joint Managing Director – Promoter Group	12,39,353
Smt. S. Rachana	Non-Executive, Promoter Group	11,67,183

As on 31st March 2020, none of the Non-Executive Directors other than the one mentioned above was holding any shares or convertible securities in the company.

3. Audit Committee

(i) The composition of the audit committee of the Board is 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 Part C of the Schedule II of the SEBI Listing Regulations and 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 them;
- 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 Directors' Responsibility Statement for inclusion in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
  - Changes, if any, in the 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 related party transactions
  - Qualifications in the draft audit report.
- Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modifications of transactions with related parties;
- Scrutiny of inter-corporate loans and investments;
- Evaluation of internal financial controls;
- Establishment of vigil mechanism for directors and employees to report their genuine concerns.
- Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of quarterly and annual financial statements 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 that is required to be carried out mandatorily or otherwise 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 and rrepresentatives of the statutory auditors and internal auditors. 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 24th July 2019 and the Chairman of the audit committee was present at the said meeting.

(vi) The composition of the Audit Committee as on 31st March 2020 and the details of attendance at its meetings held during the year 2019-20 are given below:

Name of the Member	Category of Directors	Number of meetings held during the financial year 2019-20	
		Held	Attended
Shri. O. Swaminatha Reddy, Chairman	Independent Director	4	4
Shri. K. Thanu Pillai	Independent Director	4	4
Shri. V. H. Ramakrishnan	Independent Director	4	4

(vii) The Audit committee met 4 times during the year 2019-20 and the dates of such meeting are: 22nd May 2019, 24th July 2019, 21st October 2019 and 28th January 2020.

4. Nomination and Remuneration Committee

(i) Composition of the Nomination and Remuneration Committee (NRC) of the Board is in line with the Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

(ii) The terms of reference of the NRC are available on the company's website www.sagarcements.in as part of the Nomination and Remuneration Policy adopted by the company.

Nomination and Remuneration policy:

The Policy on Nomination and Remuneration adopted by the company is aimed at attracting, retaining, developing and motivating workforce. Individual performance is assessed and rewarded through an annual appraisal process. Details of this policy are available on the company's web site, www.sagarcements.in.

(iii) The details of the composition of the Nomination and Remuneration Committee as on

31st March 2020, the attendance at its meetings during the year 2019-20, are given below:

Name of the Member	Category of Directors	Number of meetings held during the financial year 2019-20	
		Held	Attended
Shri. K. Thanu Pillai, Chairman	Independent Director	2	2
Shri. O. Swaminatha Reddy	Independent Director	2	2
Shri. V. H. Ramakrishnan	Independent Director	2	2
Smt. S. Rachana	Non-Executive Director	2	2

The NRC had met 2 times during the year 2019-20 and the dates of these meeting are given below: 22nd May 2019 and 19th September 2019.

(iv) The Company presently 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, and the same is available on the company's web site.

5. Remuneration of Directors

Remuneration to Non-Executive Directors:

Non-Executive Directors are not paid any remuneration other than the sitting fee of ₹ 20,000/- for each meeting of the Board and Committees thereof attended by them. Sitting fees payable to the nominee director are paid directly to the institution he represents.

Details of sitting fees paid to the non-executive directors during the year 2019-20 are given below:

Sl. No.	Name of the Director	Sitting Fee (In ₹)
1	Shri. O. Swaminatha Reddy	2,40,000
2	Shri. K. Thanu Pillai	2,80,000
3	Shri. V. H. Ramakrishnan	2,40,000
4	Shri. T. Nagesh Reddy (APIDC Nominee)	1,20,000
5	Shri. John-Eric Bertrand	40,000
6	Smt. S. Rachana	1,40,000
7	Shri. Jens Van Nieuwenborgh	0
	Total	**10,60,000**

There are no other pecuniary relationship or transactions between the Non-Executive Directors and the Company.

Remuneration to the Managing Director and Whole time Directors:

The Company pays remuneration to its Managing Director (MD) and Joint Managing Director (JMD) (Whole-time Directors) by way of salary and perquisites, which are fixed components and by way of commission, a variable component. Remuneration to Whole-time Directors is paid in accordance with the recommendation made by the Nomination and Remuneration Committee and the approval as accorded by the Board of Directors, which is subject to further approval of the shareholders, wherever required.

The whole-time directors were paid the following remuneration for the year 2019-20.

₹ in Lakhs

Description	Dr. S. Anand Reddy (MD)	Shri. S. Sreekanth Reddy (JMD)
Salary	120	108
Perks (75% of the salary)	90	81
Total	**210**	**189**
Commission	90	90
Total	**300**	**279**

In addition to the above, the Whole-time directors are 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 their tenure.

Services of the Whole-time Directors with the company may be terminated by either party, giving the other party six months' notice. No severance fee is contemplated. The company has not issued any stock options to anyone.

6. Stakeholders' relationship committee

(i) The stakeholders' relationship committee is 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, and other related matters.
- Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.

(iii) This Committee had the following directors as its members as on 31st March 2020:

Name of the Member	Category of the Director
Shri. T. Nagesh Reddy, Chairman	Nominee/Non-Executive Director
Dr. S. Anand Reddy, Member	Managing Director
Shri. K. Thanu Pillai, Member	Independent 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 30 complaints from the investors during the year 2019-20 as detailed below 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 31st March 2020.

Sl. No	Particulars	Opening	Received	Resolved	Pending
1	Non-receipt of shares after transfer/ transmission	0	0	0	0
2	Non-receipt of dividend warrants	0	25	25	0
3	Non-receipt of Annual Report	0	0	0	0
4	Non-receipt of Securities	0	2	2	0
5	Non-receipt of duplicate/transmission/ deletion of share certificates	0	0	0	0
6	SEBI/BSE/NSE/CSE complaints	0	3	3	0
	Total	**0**	**30**	**30**	**0**

During the year, one meeting of the Stakeholders' Relationship Committee was held on 28th January 2020.

(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

7. Other Committees

Investment Committee

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

Name	Category
Shri. O. Swaminatha Reddy	Chairman
Shri. K. Thanu Pillai	Member
Dr. S. Anand Reddy (from 29th October 2018)	Member

This Committee had not met in 2019-20.

Securities Allotment Committee

With a view to allot securities as and when approved by the Board/Shareholders, the company has constituted a committee known as Security Allotment Committee with the following Independent Directors as its members:

Name	Category
Shri. O. Swaminatha Reddy	Chairman
Shri. K. Thanu Pillai	Member
Shri. V. H. Ramakrishnan	Member

This Committee had not physically met in 2019-20.

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, by, inter-alia, 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 CSR Policy of the company 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. Growth and environment should go hand in hand.
3. Availing of opportunities for collaborating with different stakeholders including Governments, NGOs, Suppliers and Distributors to tackle the challenges faced by the society.

During the year, one meeting of the Committee was held on 28th January 2020.

The composition of the CSR Committee and details of the attendance at the meeting is given below:

Name of the Member	Category	Number of meetings held during the financial year 2019-20	
		Held	Attended
Shri. K. Thanu Pillai, Director	Chairman	1	1
Dr. S. Anand Reddy, Managing Director	Member	1	1
Shri. S. Sreekanth Reddy, Joint Managing Director	Member	1	1
Smt. S. Rachana, Non-Executive Director	Member	1	1

8. General Body Meetings

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
38th AGM	24th July 2019	4.00 p.m.	Hotel Golkonda, Masab Tank, Hyderabad-500 028
37th AGM	27th September 2018	4.00 p.m.	
36th AGM	22nd September 2017	4.00 p.m.	

Following are the details of Special Resolutions passed in the above said Annual General Meetings:

At the 37th AGM, one special resolution was passed for approving the amendment to the Memorandum of Association of the Company for inserting the following sub-clause after its then existing Sub-clause 7 of Clause III (A):

"8. To promote, own, run, install, takeover, set-up power plants of any kind as may be permitted by law and to generate, co-generate, transmit, buy and distribute electric power for captive consumption, accumulation, sale and re-sale."

No Special Resolutions were passed at the 36th and 38th Annual General Meetings.

Three Special resolutions were passed on 30th November 2019 through Postal Ballot re-appointing all the three independent directors of the company for a further period of 3 years and M/s.BSS & Associates, Company Secretaries, (Unique Code of Partnership Firm: P2012AP02600) conducted the postal ballot exercise and the voting pattern was as under:

Resolution 1: Re-appointment of Shri. O. Swaminatha Reddy as an Independent Director for a term of 3 years w.e.f. 24th September 2019

Particulars	Aggregate of physical ballot forms and Electronic Voting	Number of Votes Cast	%
Total Votes received	101	1,72,11,221	100
Less: Total number of votes Invalid/ abstained	2	107	-
Total Number of Valid Votes	99	1,72,11,114	100
Favour to resolution	91	1,70,56,017	99.10
Against to Resolution	8	1,55,097	0.90

Resolution 2: Re-appointment of Shri. K.Thanu Pillai as an Independent Director for a term of 3 years w.e.f. 24th September 2019

Particulars	Aggregate of physical ballot forms and Electronic Voting	Number of Votes Cast	%
Total Votes received	101	1,72,11,221	100
Less: Total number of votes Invalid/ abstained	3	182	-
Total Number of Valid Votes	98	1,72,11,039	100
Favour to resolution	89	1,70,55,842	99.10
Against to Resolution	9	1,55,197	0.90

Resolution 3: Re-appointment of Shri. V.H.Ramakrishnan as an Independent Director for a term of 3 years w.e.f. 30th March 2020

Particulars	Aggregate of physical ballot forms and Electronic Voting	Number of Votes Cast	%
Total Votes received	101	1,72,11,221	100
Less: Total number of votes Invalid/ abstained	2	107	-
Total Number of Valid Votes	99	1,72,11,114	100
Favour to resolution	94	1,72,10,888	99.99
Against to Resolution	5	226	Negligible

There is no proposal to pass any special resolution exclusively through postal ballot.

9. Means of communication

Quarterly results:

As part of compliance with Regulation 33, 10 and 47 of the SEBI Listing Regulations, the Company furnishes its quarterly and annual financial results to the Stock Exchanges where its shares have been listed, followed by publication in the newspapers 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 2019-20 were published are given below:

Quarter ended	Date of Publication	Name of the newspapers carrying the publication
30th June 2019	26th July 2019	Financial Express and Andhra Prabha
30th September 2019	23rd October 2019	"
31st December 2019	30th January 2020	"
31st March 2020	30th May 2020	"

Website where displayed:

The Financial Results and the Shareholding pattern of the Company are made 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 stock exchanges.

Press Release

Press Releases as and when issued 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 on 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 2019-20. 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 transcriptions of conference call held with the analysts/investors following the declaration of financial results are also put up on the company's website.

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 had two wholly owned subsidiaries viz., Sagar Cements (R) Limited and Jajpur Cements Private Limited and one subsidiary viz., Satguru Cement Private Limited. The audit committee reviews the consolidated financial statements of the Company containing financials of the said subsidiaries. The minutes of the board meetings of the subsidiaries are periodically placed before the Board of Directors of the Company. Shri. O. Swaminatha Reddy, Shri. K. Thanu Pillai and Shri. V. H. Ramakrishnan, who are independent directors of the company are also on the Board of the Sagar Cements (R) Limited, which is a "Material Subsidiary".

10. General Shareholder information:

(i) Annual General Meeting:

Date & Time	3.00 p.m. on Wednesday, the 9th September 2020
Venue	Through Video Conference

(ii) **Financial Year:** 1st April 2019 to 31st March 2020

(iii) **Book Closure Dates:** From 3rd September 2020 to 9th September 2020 (both days inclusive)

(iv) Dividend payment date:

The Board has recommended a dividend @ 25% i.e., ₹ 2.50 per share, subject o its declaration by the members at the Annual General Meeting and the same will be paid to the eligible shareholders within 30 days of the said declaration.

(v) Listing on Stock Exchanges:

The paid up share capital of the company as on 31st March 2020 was ₹ 22,27,50000/- consisting of 2,22,75,000 equity shares of ₹ 10/- each. All these 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 stock exchanges.

(vi) Stock and ISIN Codes for the Company's shares:

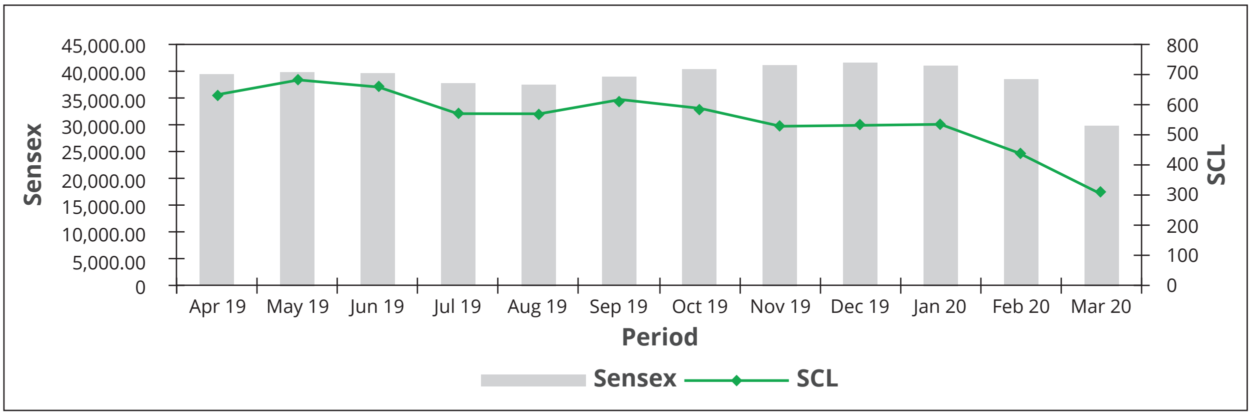
Name of the Stock Exchange	Scrip Code
National Stock Exchange of India Limited, "Exchange Plaza", 5th Floor, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051	SAGCEM
BSE Limited, P J Towers, Dalal Street, Mumbai – 400 001	502090
ISIN	INE229C01013

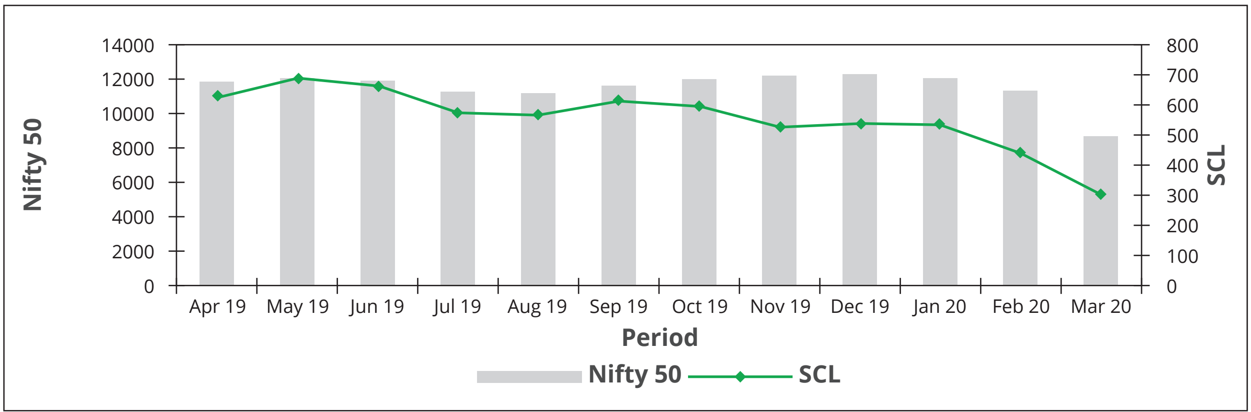
(vii) Market price details:

Monthly High, Low and closing 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:

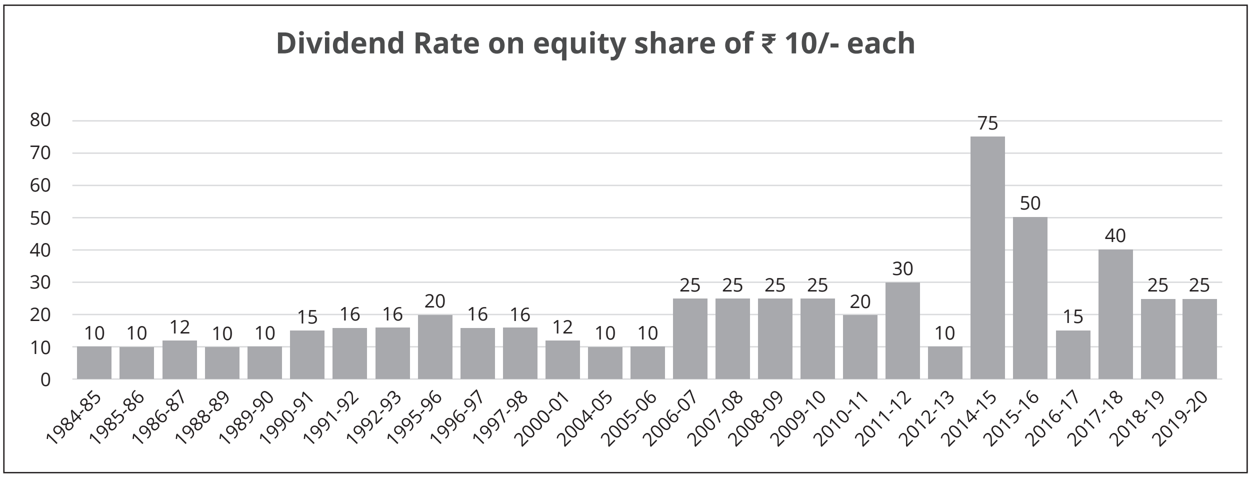
Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April 2019	677.90	593.55	630.45	680.80	600.05	629.15
May 2019	710.90	551.55	682.05	722.00	575.10	686.20
June 2019	703.15	609.00	660.50	709.50	610.00	662.50
July 2019	720.00	554.00	574.05	675.00	555.90	574.35
August 2019	607.65	549.70	570.05	610.00	550.05	567.05
September 2019	679.00	517.30	612.10	679.90	520.95	612.75
October 2019	635.00	525.00	582.70	625.00	523.35	593.05
November 2019	604.40	519.00	528.70	603.95	520.20	526.00
December 2019	549.00	487.65	532.90	558.65	488.90	536.10
January 2020	606.60	532.35	534.00	607.25	524.00	534.95
February 2020	585.05	441.05	441.10	586.00	425.00	439.10
March 2020	473.00	246.00	305.70	491.80	236.30	304.45

The Company Share Price movements during the year 2019-20 as compared with SENSEX and NIFTY, are depicted below:





(viii)Dividend History



** subject to the approval of the shareholders at the ensuing AGM, the Board has recommended a dividend at ₹ 2.50 per share (25%) for the year 2019-20.*

(ix) Disclosure with respect to unclaimed shares:

Sl. No.	Description	Shareholders	Shares
a	Aggregate number of shareholders and the outstanding shares unclaimed at the beginning of the year	6	1100
b	Number of shareholders who approached claiming shares against the above	-	-
c	Number of shareholders to whom shares were transferred against (a) above	-	-
d	Shares transferred to IEPF under Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016	1	100
d	Aggregate number of shareholders and the outstanding unclaimed shares at the end of the year	5	1000

The voting rights on the unclaimed shares outstanding as on 31st March 2020 shall remain frozen till the rightful owners of such shares claim the shares concerned.

(x) Transfer of unclaimed/unpaid dividend 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 2012 (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. Details of the unclaimed dividends for the subsequent periods are available on the company's website, www.sagarcements.in.

(xi) Registrars and Share Transfer Agents:

KFin Technologies Private Limited
(Formerly Karvy Fintech Private Limited)
Selenium Building, 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/
mailmanager@karvy.com
Website: karvycomputershare.com

(xii) Share Transfer System:

Around 97.58% of the shares of the Company are held in electronic form. Transfer of these shares is affected through the depositories with no involvement of the Company.

The shareholders may kindly note that in accordance with SEBI Notification dt.8.6.2018, with effect from 1.4.2019, except in case of transmission or transposition of securities, fresh requests for effecting the transfer of securities (shares) are not processed by the Company/ Registrar (RTA), if the shares concerned are held in physical form.

As regards transmission of shares held in physical form, the documents required for transmission, like original share certificate, death certificate, succession certificate/legal heir certificate 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 above.

(xiii) Shareholdings particulars as on 31st March 2020

(i) Distribution of shareholdings:

Shareholding range	No. of Shares	%	No. of Holders	%
1 - 50	109209	0.49	5697	53.17
51 - 100	312333	1.40	3268	30.50
101 - 200	124261	0.56	731	6.82
201 - 300	75426	0.34	280	2.61
301 - 500	129600	0.58	298	2.78
501 - 1000	175138	0.79	220	2.05
1001 - 5000	338808	1.52	163	1.52
5001 - 10000	126015	0.57	17	0.16
10001 - 20000	141867	0.64	10	0.09
20001 - 50000	141912	0.64	5	0.05
50001 - 100000	60523	0.27	1	0.01
100001 and above	20539908	92.21	24	0.22
TOTAL:	**22275000**	**100.00**	**10714**	**100.00**

(ii) Shareholding pattern:

Description	No. of holders/ Folios	Shares	% to Total Share Capital	in Demat Form	
				No. of Shares held in Demat Form	% to total shares held
Promoter Group	14	11313751	50.79	11313751	50.79*
Domestic Companies	157	5576551	25.04	5573700	25.02
Mutual Funds	6	2487034	11.17	2485834	11.16
Public - Individuals	10072	1532737	6.88	1327712	5.96
Foreign Portfolio Investors	15	677540	3.04	677540	3.04
Insurance Companies	1	336741	1.51	336741	1.51
Non Resident Indians	255	117366	0.52	117366	0.53
Hindu Undivided Families	160	52946	0.24	52946	0.24
Clearing Members	28	6444	0.03	6444	0.03
Indian Financial Institutions/Banks	5	5163	0.02	1313	0.00
IEPF	1	168727	0.76	168727	0.76
Total	**10714**	**22275000**	**100.00**	**22062074**	**99.04**

**includes 3,25,000 shares for which demat was under process*

(xiv)Dematerialisation of Shares and liquidity:

Trading in the shares of the Company needs to be in the electronic form only. The Company has subsisting agreements with both NSDL and CDSL for the purpose. The ISIN number for the company's shares is – INE229C01013. Shares representing more than 99.04% of the share capital were kept in dematerialised form as on 31st March 2020 as detailed below:

In physical form		In Demat Form				Total	
		With NSDL		With CDSL			
Shares	%	Shares	%	Shares	%	Shares	%
5,37,926	2.42	2,04,01,800	91.59	13,35,274 *	5.99	2,22,75,000	100.00

** Does not include 3,25,000 equity shares allotted in demat form for which the demat process was under progress as on 31.3.2020*

(xv) Details of outstanding GDR/ADR/Warrants or any other convertible instruments:

The company has not issued any GDR/ADR.

The company had issued 31,00,000 warrants each convertible into one equity share against which up to 31st March 2020, 18,75,000 warrants were converted into equity shares at ₹ 730/- per share (including a premium of ₹ 720/- per share). As a result, the company, as on 31st March 2020, had 12,25,000 outstanding warrants. These outstanding warrants need to be converted on or before 24th July 2020 at the option of the warrant holder and assuming such conversion, the equity share capital of the company will be ₹ 23.50 Crores divided into 2,35,00,000 equity shares of ₹ 10/- each.

(xvi)Plants Location:

Cement Plants:

1. **Mattampally**
   Via: Huzurnagar Suryapet
   District Telangana – 508204
   Tel: 08683 - 247039

2. **Bayyavaram Village**
   Kasimkota Mandal
   Visakhapatnam
   District Andhra Pradesh – 531031
   Tel: 08924 – 244098/244550

Hydel Power Plants:

1. **Guntur Branch Canal Hydel Project**
   Tsallagundla Adda Road,
   Nekarikallu Mandal Guntur
   District Andhra Pradesh-522 615

2. **Lock-in-Sula Hydel Project**
   Banumukkala Village, Banakacherla
   Regulator Pamulapadu Mandal, Kurnool
   District Andhra Pradesh-518 422

3. **Plant location of the Subsidiary viz., Sagar Cements (R) Ltd.:**
   Gudipadu Village and Post
   Yadiki Mandal, Ananthapur
   District Andhra Pradesh-515408
   Tel: 08558-200272

4. **Plant location of the Subsidiary viz., Satguru Cement Pvt. Ltd. (Project under implementation)**
   Karondiya (Vill.) Post – Jeerabad-454446
   Tahsil - Gandhwani, District Dhar, (M.P.)

5. **Plant location of the Subsidiary viz., Jajpur Cements Pvt. Ltd. (Project under implementation)**
   Kalinganagar, Industrial Complex
   Tahsil - Dangadi, District Jajpur, Odisha.

(xvii) 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

11. Other disclosures

(i) Related Party Transactions:

Full disclosures of related party transactions entered into during the year 2019-20 as per the Ind As 24 issued by the ICAI have been given under Note 35 of the Notes to Standalone Financial Statements for the year ended 31st March 2020. These transactions were entered into by the company in its ordinary course of business and at arm's length basis. There were no 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, which later reviewed and ratified these transactions.

(ii) Statutory compliance, Penalties and Strictures:

There were no instances 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'. The said policy has been put up on the website of the Company. No personnel has been /will be denied access to the audit committee.

(iv) Compliance with Mandatory requirements and adoption of Non-Mandatory requirements:

(a) The Company had implemented all the mandatory requirements applicable to it under SEBI Listing Regulations.

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

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

(v) The Policy on dealing with related party transactions and the policy for determining ₹material' subsidiaries are available on the company's website http://www.sagarcements.in/ PolicyonRelatedPartyTransaction.html) and (http://www.sagarcements.in/PolicyonMaterialSubsidiary.html) respectively.

(vi) Commodity Price risks and hedging activities:

Commodity price risk is a financial risk on an entity's financial performance upon fluctuations in the prices of commodities that are beyond the control of the entity, since they are primarily driven by external market forces.

Any Sharp fluctuations in prices will create significant business challenges, impacting the profitability of the company.

SCL has captive limestone mine which is one of the major raw materials to produce cement. Commodities like Iron ore, bauxite and laterite are utilised in the manufacturing process but they are not significant.

Further the price of other major raw materials like Coal and Pet Coke which are close to 30% of the cost of production, have a significant impact on the performance of the company since they are primarily driven by the external market forces. To meet the price fluctuations in the price of these commodities, company secures materials to meet around six months of its operational requirement, by optimising the domestic and import sources through establishment of long term financial instruments.

Company's current exposures to the major commodities are given below:

Commodity Name	Exposure INR (₹ in Crores)	Exposure in Qty in (T)	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Exchange	OTC	Exchange	
Pet Coke	102	1,32,479	100%	-	100%	-	100%

(vii) Details of utilisation of funds raised through issue of convertible warrants of ₹ 730/- each as on 31st March 2020 for acquisition of Satguru Cement Pvt. Ltd., and Jajpur Cements Pvt. Ltd., for setting-up an integrated cement plant and a grinding station respectively and for meeting other general corporate purposes.

Particulars	Amount (₹)	Amount (₹)
Upfront amount of 25% received against allotment of 31,00,000 convertible warrants of ₹ 730/- each	56,57,50,000	
Balance amount representing 75% on the 18,75,000 warrants since converted	102,65,62,500	
Total		**159,23,12,500**
Utilisation as on 31st March 2020		
Investment made in Jajpur Cements Pvt. Ltd., a Wholly-owned Subsidiary in the form of equity capital	39,00,00,000	
Investment made in Satguru Cement Pvt. Ltd., a Subsidiary in the form of equity capital and premium thereon	88,99,71,430	
Towards other general corporate purpose	31,23,41,070	
Utilisation as on 31st March 2020		**159,23,12,500**

(viii) Certificate from the Company Secretary in practice to the effect that none of the directors has been debarred or disqualified has been given in the annexure to this report.

(ix) None of the recommendation made by the Audit Committee at its meetings was rejected by the Board.

(x) Fee paid to Statutory Auditors:

A total fee of ₹ 79 Lakhs was paid to the Statutory Auditors towards all services rendered by them to the company and to its subsidiaries viz., Sagar Cements (R) Limited, Satguru Cement Private Limited and Jajpur Cements Private Limited for the year 2019-20.

(xi) Disclosure in relation to sexual harassment

During the year 2019-20, the company did not receive any complaints of sexual harassment in relation to the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

(xii) Reconciliation of Share Capital Audit

A firm of practicing Company Secretaries carried 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. Their 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 shares held in demat form with NSDL and CDSL.

(xiii) The company has adopted a Policy on Determination of Materiality for Disclosures and the said policy has been put up on the website of the Company www.sagarcements.in.

(xiv) Code of Conduct

The members of the board and senior management personnel have affirmed their compliance during the year ended 31st March 2020 with the Code applicable to them. A certificate by the CEO and Managing Director to this effect has been given in the annexure to this report.

11. The company has duly complied with the requirements of the Corporate Governance Report of Sub-paras 2 to 10 of Part (C) of Schedule V of the SEBI Listing Regulation.

12. The following discretionary requirements have been adopted pursuant to Part E of Schedule II of SEBI Listing Regulations.

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

    (b) The financial statements of the company are with un-modified opinion.

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 Listing Regulations.

14. The compliance certificate from the auditors regarding compliance of conditions of corporate governance has been annexed to the Directors Report.

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of
M/s. Sagar Cements Ltd,
Plot No.111, Road No.10,
Jubilee Hills, Hyderabad,
Telangana – 500033.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sagar Cements Ltd., having CIN L26942TG1981PLC002887 and having registered office at Plot No.111, Road No.10, Jubilee Hills, Hyderabad, Telangana - 500033 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2020 has been debarred or disqualified from being appointed or continuing as Director of company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authorities.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Shri. Swaminatha Reddy Onteddu	00006391	05/09/1983
2	Shri. Anand Reddy Sammidi	00123870	21/11/2007
3	Shri. Sreekanth Reddy Sammidi	00123889	26/06/2008
4	Shri. Kolappa Thanu Pillai	00123920	30/01/2012
5	Shri. Valliyur Hariharan Ramakrishnan	00143948	23/09/2015
6	Smt. Rachana Sammidi	01590516	18/03/2015
7	Shri. John Eric Bertrand	06391176	17/10/2012
8	Shri. Jens Van Nieuwenborgh (Alternate Director to John Eric Bertrand)	07638244	20/11/2018
9	Shri. Nagesh Reddy Tadasina	07734358	20/04/2017

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency 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: 21st May 2020

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 31st March 2020, 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 31st March 2020.

Hyderabad
29th July 2020

Dr. S. Anand Reddy
Managing Director

Independent Auditor's Certificate on Corporate Governance

To the Members of Sagar Cements Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 27th September 2019.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Sagar Cements Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining 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.

5. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March 2020.

9. 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)
UDIN: 20201193AAAADV8956

Place: Hyderabad

Date: 29th July 2020

Independent auditor's report

To The Members of SAGAR CEMENTS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SAGAR CEMENTS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statement give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw your attention to Note 28 of the standalone financial statements, which describes that certain estimates and judgments were made related to the COVID-19 pandemic, wherein, the eventual outcome of the impact of this global health pandemic may be different from those estimated by the management.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
Revenue recognition – Price Discounts **(Refer Note 42 of the Standalone financial statements)** • Revenue is measured net of discounts earned by customers on the Company's sales. • Due to the Company's presence across different marketing regions within the country and the competitive business environment, price discounts vary based on the customer and market it caters to and recognised based on sales made during the year. These discounts are calculated based on the market study reports which reports are collated periodically by the management and are prone to manual interventions. • Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price discounts. • Given the complexity involved in the assessment of price discounts and their periodic recognition against sales, the same is considered as key audit matter.	**Principal audit procedures performed:** • Assessed the appropriateness of the Company's accounting policies relating to Price discounts by comparing with applicable accounting standards. • Assessed the design and tested the implementation and operating effectiveness of Company's internal controls over the approvals, calculation, accounting and issuance of credit notes. • Obtained and inspected, on a sample basis, supporting documentation for price discounts recorded and credit note issued during the year as well as credit notes issued after the year end date to determine whether these were recorded appropriately. • Compared the historical trend of price discounts to sales made to determine the appropriateness of current year's discount charge.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Integrated report and Management Discussion and Analysis Report including Annexures and Corporate Governance Report but does not include the standalone financial statements and our auditor's report thereon. The reports are expected to be made available to us after the date of this auditor's report.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other 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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone 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)
(UDIN: 20201193AAAACE3245)

Place: Hyderabad
Date: 29th May 2020

Annexure "A" to the Independent auditor's report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section 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 of 31st March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 31st March 2020, based on the criteria for internal financial control over financial reporting established by the respective 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)
(UDIN: 20201193AAAACE3245)

Place: Hyderabad
Date: 29th May 2020

Annexure "B" to the Independent auditor's 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 property, plant and equipment.

(b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to 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 provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lender.

(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 loans 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 has been regular and interest have been regular as per stipulations except for interest relating to one loan, which has not been repaid owing to certain contractual obligations which prevent the party from repayment.

(c) There is no overdue amount remaining outstanding as at the balance sheet.

(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 falling under the purview of the provisions of section 73 to 76 of the Companies Act, 2013 during the year and does not have any unclaimed deposits, and hence reporting under clause (v) of the order is not applicable.

(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) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service 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, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Entry Tax which have not been deposited as on 31st March 2020 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 (₹ Lakh)	Amount Unpaid (₹ Lakh)
Central Excise Act, 1944	Excise Duty	CESTAT	2011-12 to 2012-13	214	168
		Commissioner of Appeals	2010-11 to 2017-18	1,301	11
		Assistant Commissioner	2014 -15 to 2015-16	41	41
Sales Tax and VAT laws	Sales Tax and VAT	Sales Tax Appellate Tribunal	1999-2000	20	15
		High Court of Telangana and Andhra Pradesh	2010-11	7	7
		High Court of Telangana	2017-18 to 2018-19	209	157
Customs Act, 1962	Customs Duty	CESTAT	2012-13	193	189
Finance Act, 1994	Service Tax	High Court of Telangana and Andhra Pradesh	2014-2015	13	-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2009-10 to 2010-11	28	28
		Commissioner of Income-tax (Appeals)	2012-13	25	-
Local Areas Act, 2001	Entry Tax	Additional Divisional Commissioner, Rural Division, Hyderabad	2012-13 to 2014-15	11	7
		High Court of Telangana and Andhra Pradesh	2016-17 to 2017-18	88	66

There are no dues of Goods and Services Tax as on 31st March 2020 on account of disputes.

(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 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 material 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 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 177 and 188 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) According to the information and explanations given to us, the Company has made preferential allotment of shares and Company has not issued any debentures during the year under review.

In respect of the above issue, we further report that:

a. the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b. the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(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 directors of its holding, subsidiary companies or persons connected with them 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)
(UDIN: 20201193AAAACE3245)

Place: Hyderabad
Date: 29th May 2020

Balance sheet

as on 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	83,275	73,810
(b) Capital work-in-progress		1,983	10,728
(c) Right of use assets	4	130	-
(d) Intangible assets	3	13	14
(e) Financial assets			
(i) Investments	5	47,726	27,528
(ii) Loans	6	-	1,500
(iii) Other financial assets	7	1,381	1,883
(f) Income tax assets (net)	27	308	84
(g) Other non-current assets	8	859	1,319
Total Non-current assets (1)		**1,35,675**	**1,16,866**
Current assets			
(a) Inventories	9	8,067	10,611
(b) Financial assets			
(i) Trade receivables	10	9,486	7,814
(ii) Cash and cash equivalents	11	171	1,784
(iii) Bank balances other than (ii) above	12	843	1,022
(iv) Loans	6	1,500	500
(v) Other financial assets	7	4,614	4,366
(c) Other current assets	8	7,258	7,245
Total Current assets (2)		**31,939**	**33,342**
TOTAL ASSETS (1+2)		**1,67,614**	**1,50,208**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	2,228	2,040
(b) Other equity	14	1,01,023	88,129
Total Equity (1)		**1,03,251**	**90,169**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	11,514	14,171
(ii) Lease liabilities	36	126	-
(iii) Other financial liabilities	16	8,683	4,098
(b) Provisions	17	843	627
(c) Deferred tax liabilities (net)	27	4,391	4,113
(d) Other non-current liabilities	18	179	179
Total Non-current liabilities (2)		**25,736**	**23,188**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	10,765	10,655
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		125	25
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		16,729	14,987
(iii) Lease liabilities	36	10	-
(iv) Other financial liabilities	16	6,886	5,414
(b) Provisions	17	308	239
(c) Income tax liabilities (net)	27	602	756
(d) Other current liabilities	18	3,202	4,775
Total Current liabilities (3)		**38,627**	**36,851**
Total Liabilities (4=2+3)		**64,363**	**60,039**
TOTAL EQUITY AND LIABILITIES (1+4)		**1,67,614**	**1,50,208**
Corporate information and significant accounting policies	1		
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: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Statement of profit and loss

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	Note	For the year ended 31st March 2020	For the year ended 31st March 2019
I	Revenue from operations	19	84,758	90,201
II	Other income	20	1,632	1,506
III	**Total Income (I + II)**		**86,390**	**91,707**
IV	**Expenses**			
	(a) Cost of materials consumed	21	15,983	15,650
	(b) Purchases of stock-in-trade		4,117	3,701
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(602)	1,744
	(d) Employee benefit expenses	23	5,570	5,200
	(e) Finance costs	24	3,392	3,322
	(f) Depreciation and amortisation expense	25	5,507	4,410
	(g) Power and fuel expenses		21,675	25,408
	(h) Freight and forwarding		14,171	17,398
	(i) Other expenses	26	11,954	11,167
	Total Expenses		**81,767**	**88,000**
V	**Profit before tax (III - IV)**		4,623	3,707
VI	**Tax expense**			
	(a) Current tax	27	850	874
	(b) Deferred tax	27	300	171
	Total Tax expense		**1,150**	**1,045**
VII	**Profit after tax (V - VI)**		3,473	2,662
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plan		(64)	(253)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		22	88
	Other comprehensive income for the year, net of tax		**(42)**	**(165)**
IX	**Total comprehensive income (VII + VIII)**		**3,431**	**2,497**
X	**Earnings per share (Face value of ₹ 10 each)**			
	Basic and Diluted	37	16.17	13.05
	Corporate information and significant accounting policies	1		
	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: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Statement of changes in equity

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at 31st March 2018	2,040
Changes in equity share capital during the year	-
Balance at 31st March 2019	**2,040**
Changes in equity share capital during the year	188
Balance at 31st March 2020	**2,228**

B. Other equity

Particulars	Reserves and surplus				Other items of other comprehensive income	Money received against share warrants	Total other equity
	Capital reserve	Securities premium account	General reserve	Retained earnings			
Balance as at 31st March 2018	**35**	**32,007**	**3,598**	**44,688**	**15**	**-**	**80,343**
Profit for the year	-	-	-	2,662	-	-	2,662
Dividend on equity shares (including tax)	-	-	-	(369)	-	-	(369)
Other comprehensive income for the year (net of tax ₹ 88)	-	-	-	-	(165)	-	(165)
Money received against share warrant (Refer Note 39)	-	-	-	-	-	5,658	5,658
Balance as at 31st March 2019	**35**	**32,007**	**3,598**	**46,981**	**(150)**	**5,658**	**88,129**
Profit for the year	-	-	-	3,473	-	-	3,473
Dividend on equity shares (including tax)	-	-	-	(615)	-	-	(615)
Other comprehensive income for the year (net of tax ₹ 22)	-	-	-	-	(42)	-	(42)
Money received against share warrant (Refer Note 39)	-	-	-	-	-	10,266	10,266
Allotment of equity shares upon conversion of warrants (Refer Note 39)	-	-	-	-	-	(188)	(188)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	-	13,500	-	-	-	(13,500)	-
Balance as at 31st March 2020	**35**	**45,507**	**3,598**	**49,839**	**(192)**	**2,236**	**1,01,023**

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: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Statement of cash flows

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	For the year ended 31st March 2020		For the year ended 31st March 2019	
A	**Cash flow from operating activities**				
	Profit after tax for the year		**3,473**		**2,662**
	Adjustments for				
	Tax expense	1,150		1,045	
	Depreciation and amortisation expense	5,507		4,410	
	Finance costs	3,392		3,322	
	Interest income	(1,447)		(1,452)	
	Liabilities no longer required written back	(22)		(2)	
	Advances written off	25		-	
	Expected credit loss allowance	215		332	
	Unrealised loss on foreign currency transactions and translation	169		(158)	
	Net gain on fair value change in financial instruments	(125)		-	
	(Profit)/Loss on sale of property, plant and equipment (net)	(33)		4	
	Incentives from government	(1,072)		(473)	
			7,759		7,028
	Operating profit before working capital changes		**11,232**		**9,690**
	Changes in working capital				
	Adjustments for (increase)/decrease in operating assets:				
	Trade receivables	(1,887)		(2,299)	
	Inventories	2,544		(3,854)	
	Other financial assets	(51)		(418)	
	Other assets	1,060		(1,137)	
			1,666		(7,708)
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	1,695		7,331	
	Other financial liabilities	1,234		(326)	
	Provisions	221		85	
	Other liabilities	(1,573)		233	
			1,577		7,323
	Cash generated from operating activities		**14,475**		**9,305**
	Less: Income tax paid		(1,004)		(363)
	Net cash generated from operating activities		**13,471**		**8,942**
B	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances	(6,682)		(16,892)	
	Deposits not considered as cash and cash equivalents				
	- Placed	(1,760)		(651)	
	- Matured	2,166		1,147	
	Proceeds from disposal of plant and equipment	66		7	
	Investments made during the year	(12,800)		-	
	Interest received	153		335	
	Net cash used in investing activities		**(18,857)**		**(16,054)**
C	**Cash flow from financing activities**				
	Proceeds from issue of share warrants	-		5,658	
	Proceeds on allotment of equity shares upon conversion of warrants	10,266		-	
	Proceeds from non-current borrowings	12,394		4,087	
	Repayment of non-current borrowings	(15,326)		(2,933)	
	Repayment of unsecured loans from related party	500		500	
	Proceeds from current borrowings (net)	110		1,078	
	Repayment of lease liabilities	(117)		-	

Statement of cash flows (contd.)

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Finance costs	(3,439)	(3,173)
Dividends paid including tax	(615)	(371)
Net cash generated from financing activities	3,773	4,846
Net increase in cash and cash equivalent (A+B+C)	**(1,613)**	**(2,266)**
Cash and cash equivalent at the beginning of the year	1,784	4,050
Cash and cash equivalent at the end of the year (Refer Note 11)	**171**	**1,784**
Note:		
Cash and cash equivalents comprises of:		
Cash in hand	4	3
Balances with banks	167	81
Deposits with banks	-	1,700
Cash and cash equivalents (Refer Note 11)	**171**	**1,784**

Reconciliations of liabilities from financing activities:

Particulars	As at 1st April 2019	Proceeds	Repayment	Fair value changes	As at 31st March 2020
Long-term borrowings (including current maturities)	17,724	12,394	(15,326)	-	14,792
Short-term borrowings	10,655	551	(441)	-	10,765
Total liabilities from financing activities	**28,379**	**12,945**	**(15,767)**	**-**	**25,557**

Particulars	As at 1st April 2018	Proceeds	Repayment	Fair value changes	As at 31st March 2019
Long-term borrowings (including current maturities)	16,570	4,087	(2,933)	-	17,724
Short-term borrowings	9,577	1,078	-	-	10,655
Total liabilities from financing activities	**26,147**	**5,165**	**(2,933)**	**-**	**28,379**

Reconciliation of lease liability as on 31st March 2020 (31st March 2019: NIL):

Particulars	As at 1st April 2019	Recognition on adoption of Ind AS 116	Finance cost accrued during the year	Payment of lease liabilities	As at 31st March 2020
Lease liabilities	-	242	11	(117)	136

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Notes to the standalone financial statements

1. Corporate information and significant accounting policies

a) Corporate Information:

Sagar Cements Limited ("the Company") was incorporated under the Companies Act, 1956 as a public limited company on 15th January 1981. The Company is engaged in the business of manufacture and sale of cement. The Company has its registered office at Hyderabad, Telangana.

b) Significant accounting policies

i) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India (SEBI).

ii) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for net realisable value in Ind AS 2 or value in use in Ind AS 36 that have some similarities to fair value but are not fair value.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

iii) Functional and Presentation currency

These financial statements are presented in Indian Rupees (₹) which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Rounding of amounts

All amounts disclosed in the financial statements which also include the accompanying notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

iv) Use of estimates and Judgements

In the application of the accounting policies, which are described in Note 1(b), the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable and the associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

All amounts are in ₹ Lakhs unless otherwise stated

- **Depreciation on property, plant and equipment and amortisation of intangible assets**

  Depreciation on property, plant and equipment and amortisation of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

- **Defined benefit plans**

  The liabilities and costs for defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

- **Evaluation of recoverability of deferred tax assets**

  Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Fair value measurement of Financial instruments**

  When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Provisions and contingencies**

  Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The litigations and claims to which the Company is exposed are assessed by management and in certain cases with the support of external specialised lawyers.

  In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

- **Expected credit losses**

  The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

v) Revenue recognition:

The Company derives revenue from the sale of cement and recognises when it transfers control over the goods to the customer. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales.

Generation of Power:

In case of power generation, revenue from sale of energy is recognised 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.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income/interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

vi) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are recognised in the Statement of Profit and Loss using the effective interest method.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

vii) Government grants

Grants from the Government are recognised when there is reasonable assurance that:

a) The Company will comply with the conditions attached to them; and

b) The grant will be received.

viii) 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 retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

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.

ix) Taxation

Income tax expense represents the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

x) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment 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 borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.

Depreciation on plant and machinery and railway siding 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

All amounts are in ₹ Lakhs unless otherwise stated

technological changes, manufacturers warranties and maintenance support, etc.

Class of asset	Useful lives
Railway siding	25 years
Plant and machinery other than continuous process plant	3 - 25 years
Electrical installations	15 years and 25 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Company follows the process of componentisation for property, plant and equipment. 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.

Land-Restoration:

The Company provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows.

The site restoration provision before exploitation of the raw materials has commenced is included in Property, Plant and Equipment and depreciated over the life of the related asset.

Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition.

The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through the Statement of Profit and Loss over the life of the related asset, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. All provisions are discounted to their present value. The unwinding of the discount is recognised as a finance cost in the Statement of Profit and Loss.

xi) Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

xii) 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. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Work-in-progress and finished goods include appropriate proportion of overheads.

The methods of determining cost of various categories of inventories are as follows:

Raw materials and coal	Weighted average method
Stores and spares and packing materials	Weighted average method
Work-in-progress and finished goods (manufactured)	Weighted average method and including an appropriate share of applicable overheads.

xiii) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand, in bank 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.

Cash flows are reported using indirect method whereby profit/ (loss) after tax is adjusted for the effects of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

xiv) 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these financial statements, the exchange differences on monetary items arising, if any, are recognised in the statement of profit and loss in the period in which they arise.

xv) Financial Instruments:

(A) Initial recognition:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(B) Subsequent measurement:

a. **Financial assets carried at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets at fair value through other comprehensive income:** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c. **Financial assets at fair value through profit or loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d. **Derivative Financial Instruments:** The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Any changes therein are recognised in the Statement of Profit and Loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Company does not hold derivative financial instruments for speculative purposes.

e. Financial liabilities: Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiaries: Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

(C) De-recognition of financial assets and liabilities:

a. Financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

b. Financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

xvi) Impairment of assets

a. Financial assets:

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

b. Non-financial assets:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

xvii)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.

xviii)Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

xix) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Effective 1st April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April 2019 using the modified retrospective method and has recorded right of use asset equal to lease liability, on the date of initial application. Accordingly, comparatives for the year ended 31st March 2019 have not been retrospectively adjusted.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

xx) Operating cycle

Based on the nature of 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 twelve months for the purpose of classification of its assets and liabilities as current and non-current.

xxi) New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April 2020.

All amounts are in ₹ Lakhs unless otherwise stated

2. Property, plant and equipment

Particulars	As at 31st March 2020	As at 31st March 2019
Land - freehold	7,051	7,051
Land - restoration	134	143
Buildings	17,401	15,335
Plant and machinery	47,673	40,362
Furniture and fittings	171	186
Office and other equipment	1,118	1,047
Electrical installations	3,887	3,540
Computers	48	50
Vehicles	223	278
Railway siding	5,569	5,818
Total	**83,275**	**73,810**

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2019-20

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross block											
Opening Balance	7,051	179	22,065	59,535	802	4,206	7,737	269	962	6,684	1,09,490
Add: Additions	-		3,486	9,936	35	310	1,045	23	57	-	14,892
Less: Disposals	-		-	32	-	-	25	-	139	-	196
Balance as at 31st March 2020	**7,051**	**179**	**25,551**	**69,439**	**837**	**4,516**	**8,757**	**292**	**880**	**6,684**	**1,24,186**
II. Accumulated depreciation											
Opening Balance	-	36	6,730	19,173	616	3,159	4,197	219	684	866	35,680
Add: Depreciation expense	-	9	1,420	2,606	50	239	697	25	99	249	5,394
Less: Eliminated on disposal of assets			-	13	-	-	24	-	126	-	163
Balance as at 31st March 2020	**-**	**45**	**8,150**	**21,766**	**666**	**3,398**	**4,870**	**244**	**657**	**1,115**	**40,911**
Net block (I-II)											
Carrying value as at 31st March 2020	**7,051**	**134**	**17,401**	**47,673**	**171**	**1,118**	**3,887**	**48**	**223**	**5,569**	**83,275**
Carrying value as at 31st March 2019	7,051	143	15,335	40,362	186	1,047	3,540	50	278	5,818	73,810

For the year 2018-19

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross block											
Opening Balance	6,197	179	16,813	45,809	707	3,557	5,522	231	840	6,684	86,539
Add: Additions	854	-	5,252	13,726	95	649	2,227	38	156	-	22,997
Less: Disposals	-	-	-	-	-	-	12	-	34	-	46
Balance as at 31st March 2019	**7,051**	**179**	**22,065**	**59,535**	**802**	**4,206**	**7,737**	**269**	**962**	**6,684**	**1,09,490**
II. Accumulated depreciation											
Opening Balance	-	27	5,547	17,029	571	2,990	3,706	198	621	617	31,306
Add: Depreciation expense	-	9	1,183	2,144	45	169	497	21	92	249	4,409
Less: Eliminated on disposal of assets	-	-	-	-	-	-	6	-	29	-	35
Balance as at 31st March 2019	**-**	**36**	**6,730**	**19,173**	**616**	**3,159**	**4,197**	**219**	**684**	**866**	**35,680**
Net block (I-II)											
Carrying value as at 31st March 2019	**7,051**	**143**	**15,335**	**40,362**	**186**	**1,047**	**3,540**	**50**	**278**	**5,818**	**73,810**
Carrying value as at 31st March 2018	**6,197**	**152**	**11,266**	**28,780**	**136**	**567**	**1,816**	**33**	**219**	**6,067**	**55,233**

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

3. Intangible assets

Particulars	As at 31st March 2020	As at 31st March 2019
Computer software	13	14
Total	**13**	**14**

Computer Software:

Particulars	As at 31st March 2020	As at 31st March 2019
I. Gross block		
Opening Balance	267	267
Add : Additions	-	-
Less : Disposals	-	-
Closing Balance	**267**	**267**
II. Accumulated amortisation		
Opening Balance	253	252
Add : Amortisation expense	1	1
Less : Eliminated on disposal of assets	-	-
Closing Balance	**254**	**253**
Net block (I-II)		
Carrying Value	**13**	**14**

4. Right of use assets

Particulars	As at 31st March 2020	As at 31st March 2019
Buildings	130	-
Total	**130**	-

Buildings:

Particulars	As at 31st March 2020	As at 31st March 2019
I. Gross block		
Opening Balance	-	-
Add: Recognition on adoption of Ind AS 116	242	-
Add: Additions	-	-
Less: Deletion	-	-
Closing Balance	**242**	-
II. Accumulated depreciation		
Opening Balance	-	-
Add: Depreciation expense	112	-
Closing Balance	**112**	-
Net block (I-II)		
Carrying Value	**130**	-

All amounts are in ₹ Lakhs unless otherwise stated

5. Investments in equity instruments (Unquoted)

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount	No. of shares	Amount
Investments in equity instruments (Unquoted)				
Investments in subsidiaries				
Sagar Cements (R) Limited				
Equity shares (Refer Note (i) below)	10,38,12,925	18,553	10,38,12,925	18,553
8% Cumulative redeemable preference shares (Refer Note (ii) below)	4,30,00,000	10,019	4,30,00,000	8,975
Jajpur Cements Private Limited (Refer Note (iii) below and Note 39)	3,86,80,000	4,154	-	-
Satguru Cement Private Limited (Refer Note 39)	28,97,143	15,000	-	-
		47,726		**27,528**
Aggregate amount of unquoted investments		**47,726**		**27,528**

Notes:

(i) Includes investment of ₹ 401 (31st March 2019: ₹ 401) on account of fair valuation of corporate guarantee given by the company on behalf of Sagar Cements (R) Limited, a wholly owned subsidiary.

(ii) During the year 2016-17, the Company converted the outstanding loan balance of ₹ 17,200 given to its wholly-owned subsidiary, Sagar Cements (R) Limited, to 43,000,000 8% cumulative redeemable preference shares of ₹ 10 each at a premium of ₹ 30 each. At initial recognition, the preference shares are measured at fair value. The difference between the fair value at initial recognition and the transaction price is accounted as deemed capital contribution to the subsidiary company. Accordingly, ₹ 6,866 is accounted as the fair value of the preference shares and ₹ 10,334 is accounted as deemed investment on conversion of loan to preference shares at concessional rate and added to the cost of investment held in the subsidiary. As at 31st March 2020, ₹ 1,044 (31st March 2019: ₹ 933) has been recognised as interest income on preference shares and added to the cost of preference shares.

(iii) Includes investment of ₹ 254 (31st March 2019: ₹ Nil) on account of fair valuation of corporate guarantee given by the company on behalf of Jajpur Cements limited, a wholly owned subsidiary.

6. Loans (Unsecured, considered good)

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Loans to related party (Refer Note 35)	-	1,500
Total	**-**	**1,500**
Current		
Loans to related party (Refer Note 35)	1,500	500
Total	**1,500**	**500**
Total loans	**1,500**	**2,000**
Loans classification:		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured	-	1,500
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
Total Non-current	**-**	**1,500**
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured	1,500	500
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
Total Current	**1,500**	**500**

All amounts are in ₹ Lakhs unless otherwise stated

7. Other financial assets (Unsecured, considered good)

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Security deposits	1,375	1,650
Balances held as margin money deposit against borrowings	6	233
Total	**1,381**	**1,883**
Current		
Security deposits	80	170
Advances to employees	63	37
Interest accrued but not due (Refer Note below and Note 35)	4,346	4,159
Derivatives designated in hedge accounting relationship	125	-
Total	**4,614**	**4,366**
Total other financial assets	**5,995**	**6,249**

Note:

As per the subsidiary company's agreement with the International Financial Corporation (IFC), subsidiary company's obligation towards debts and interest are sub-ordinate to the payment due to IFC against the Non-convertible debentures issued to them.

8. Other assets (Unsecured, considered good)

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Capital advances	550	1,150
Prepaid expenses	168	169
Balances with government authorities	141	-
Total	**859**	**1,319**
Current		
Advances to suppliers and service providers	423	1,114
Advances to related parties (Refer Note 35)	4,825	4,253
Advances to others	-	554
Prepaid expenses	251	271
Balances with government authorities	20	53
Excise duty refund receivable	194	194
Incentives receivable from government (Refer Note 40)	1,545	806
Total	**7,258**	**7,245**
Total other assets	**8,117**	**8,564**

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

9. Inventories (at lower of cost and net realisable value)

Particulars	As at 31st March 2020	As at 31st March 2019
Raw materials	788	700
Coal	2,600	5,132
Work-in-progress	1,408	823
Stores and spares	1,802	1,408
Packing materials	299	319
Finished goods	918	901
Total (A)	**7,815**	**9,283**
Goods-in-transit:		
Raw materials	-	9
Coal	250	1,286
Packing materials	-	31
Finished goods	2	2
Total (B)	**252**	**1,328**
Total inventories (A+B)	**8,067**	**10,611**

10. Trade receivables

Particulars	As at 31st March 2020	As at 31st March 2019
Trade receivables considered good - Secured	2,947	518
Trade receivables considered good - Unsecured	6,539	7,296
Trade receivables - credit impaired	695	480
Sub-total	**10,181**	**8,294**
Less: Expected credit loss allowance	(695)	(480)
Total trade receivables	**9,486**	**7,814**

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix. The ageing of the receivables is as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Within the credit period	6,876	4,977
1-30 days past due	1,068	1,243
31-60 days past due	450	328
61-90 days past due	188	333
91-180 days past due	220	328
More than 180 days past due	1,379	1,085
Total	**10,181**	**8,294**

Movement in expected credit loss allowance

Particulars	2019-20	2018-19
Balance at the beginning of the year	480	148
Add: Expected credit loss allowance	215	332
Balance at the end of the year	**695**	**480**

11. Cash and cash equivalents

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and cash equivalents		
Cash in hand	4	3
Balances with banks	167	81
Deposits with banks	-	1,700
Total Cash and cash equivalents	**171**	**1,784**

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

12. Other bank balances

Particulars	As at 31st March 2020	As at 31st March 2019
Unpaid dividend account	58	62
Margin money deposits (Refer note below)	785	960
Total other bank balances	**843**	**1,022**

Note:

Margin money deposits are against bank guarantees and cash credit facilities.

13. Equity share capital

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each	2,35,00,000	2,350	2,35,00,000	2,350
Issued, subscribed and fully paid:				
Equity shares ₹ 10 each	2,22,75,000	2,228	2,04,00,000	2,040

(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount	No. of shares	Amount
Opening balance	2,04,00,000	2,040	2,04,00,000	2,040
Allotment of equity shares upon conversion of warrants	18,75,000	188	-	-
Closing balance	**2,22,75,000**	**2,228**	**2,04,00,000**	**2,040**

(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 each 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:

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	% of holding	No. of shares	% of holding
S. Veera Reddy	-	-	16,43,795	8.06%
S. Aruna	13,69,545	6.15%	13,69,545	6.71%
Rachana Sammidi	11,67,183	5.24%	11,67,183	5.72%
Dr. S. Anand Reddy	13,06,524	5.87%	13,06,524	6.40%
S. Sreekanth Reddy	12,39,353	5.56%	12,38,753	6.07%
HDFC Trustee Company Limited - Prudence Fund	13,09,820	5.88%	13,06,000	6.40%
AVH Resources India Private Limited	43,58,704	19.57%	35,83,704	17.57%

(d) During the year 2019-20, the Company converted 18,75,000 warrants into equal number of equity shares. (Refer Note 39)

All amounts are in ₹ Lakhs unless otherwise stated

14. Other equity

Particulars	As at 31st March 2020	As at 31st March 2019
Capital reserve	35	35
Securities premium	45,507	32,007
General reserve	3,598	3,598
Retained earnings	49,839	46,981
Other items of other comprehensive income	(192)	(150)
Money received against share warrants	2,236	5,658
Total other equity	**1,01,023**	**88,129**

Movement in other equity is as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Capital reserve	35	35
Securities premium		
(i) Opening balance	32,007	32,007
(ii) Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	13,500	-
	45,507	**32,007**
General reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	46,981	44,688
(ii) Profit for the year	3,473	2,662
	50,454	**47,350**
Less: Appropriations		
(i) Dividend on equity shares	510	306
(ii) Tax on dividend	105	63
	49,839	**46,981**
Other items of other comprehensive income		
(i) Opening balance	(150)	15
(ii) Other comprehensive income for the year	(42)	(165)
	(192)	**(150)**
Money received against share warrant (Refer Note 39)	**2,236**	**5,658**
Total	**1,01,023**	**88,129**

Nature of reserves:

(a) Capital reserve
This represents subsidies received from the government.

(b) Securities premium
Amounts received on issue of shares in excess of the par value has been classified as securities premium.

(c) General reserve
This represents appropriation of profit by the company.

(d) Retained earnings
Retained earnings comprises of undistributed earnings after taxes.

(e) Other items of other comprehensive income
Other items of other comprehensive income consist of re-measurement of net defined benefit liability.

(f) Money received against share warrants
This represents the moneys received against the share warrants.

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

15. Non-current borrowings* (Secured, at amortised cost)

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current borrowings* (Secured, at amortised cost)		
Term loans from banks (Refer Note 41)	11,514	14,171
Total non-current borrowings	**11,514**	**14,171**

**Current maturities of non-current borrowings have been disclosed under the head "Other financial liabilities".*

Notes:

As at 31st March 2020

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	3,018	11 quarterly installments	8.65%
Axis Bank Limited (Refer Note 2 below)	1,533	37 monthly installments	9.20%
Axis Bank Limited (Refer Note 3 below)	2,292	17 quarterly installments	9.20%
Yes Bank Limited (Refer Note 3 below)	300	12 quarterly installments	10.40%
Axis Bank Limited (Refer Note 3 below)	3,980	25 quarterly installments	9.20%
State Bank of India (Refer Note 4 below)	3,299	25 quarterly installments	9.15%
Vehicle loans from various banks (Refer Note 5 below)	370	6 - 33 monthly installments	7.98% to 9.31%
Less: Current maturities of non-current borrowings	(3,278)		
Total	**11,514**		

As at 31st March 2019

Bank	Loan outstanding	Terms of repayment	Rate of interest
ICICI Bank Limited (Refer Note 1 below)	4,131	15 quarterly installments	9.35%
Yes Bank Limited (Refer Note 2 below)	2,000	48 monthly installments	10.40%
Yes Bank Limited (Refer Note 3 below)	2,877	21 quarterly installments	11.25%
Yes Bank Limited (Refer Note 3 below)	400	16 quarterly installments	10.40%
Yes Bank Limited (Refer Note 3 below)	4,377	28 quarterly installments	10.40%
State Bank of India (Refer Note 4 below)	3,599	28 quarterly installments	9.50%
Vehicle loans from various banks/ financial institutions (Refer Note 5 below)	340	14 - 37 monthly installments	7.97% to 9.31%
Less: Current maturities of non-current borrowings	(3,553)		
Total	**14,171**		

Notes:

1. *Term loan is secured by pari-passu charge on the property, plant & 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, Managing Director and S. Sreekanth Reddy, Joint Managing Director.*

2. *Term loan is secured by pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future excluding fixed assets pertaining to grinding unit at Bayyavaram and plant and equipment of Waste heat recovery power plant at Mattampally, and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.*

3. *Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram near Vishakhapatnam, Andhra Pradesh both present and future and by second charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.*

4. *Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.*

5. *Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.*

6. *As per RBI Circulars DOR.No.BP.BC.47/21.04.048/2019-20 and DOR.No.BP.BC.63/21.04.048/2019-20 dated 27th March 2020 and 17th April 2020 respectively, relating to the COVID-19 Regulatory Package, the Company availed moratorium of three months on the payment of interest on cash credit accounts, falling due between 1st March 2020 and 31st May 2020 from State Bank of India, Axis Bank Limited and HDFC Bank Limited. Further, the Company also availed moratorium of three months on the payment of installment and interest on term loan falling due between 1st March 2020 and 31st May 2020 from State Bank of India, Axis Bank Limited and HDFC Bank Limited.*

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	As at 31st March 2020	As at 31st March 2019
Current borrowings (Secured, amortised at cost)		
Loans repayable on demand		
Cash credit facilities (Refer Note below and Note 41)	10,765	10,655
Total current borrowings	**10,765**	**10,655**

Notes:

1. *The Company has availed cash credit facilities from State bank of India. This facility is secured against all current assets, present and future, and by second charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.85% p.a.to 9.50% p.a (2018-19: 9.45% p.a. to 10.25% p.a.)*

2. *The Company has availed cash credit facilities from Axis Bank Limited. This facility is secured against all current assets, present and future, and by second charge on the property, plant and equipment of the Company (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit) and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.45% p.a. (2018-19: Nil). During the financial year, the Company transferred its cash credit facilities from Yes Bank Limited to Axis Bank Limited.*

3. *The Company has availed cash credit facilities from HDFC Bank Limited. This facility is secured against all current assets, present and future, and by second charge on the entire property, plant and equipment of the Company including land and building, and post dated cheques aggregating ₹ 1,000 from any working capital banker and personal guarantee by S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.40% p.a. to 8.90% p.a. (2018-19: 8.10% p.a. to 9.30% p.a.).*

16. Other financial liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Security deposits received	5,178	3,944
Guarantee obligation	345	154
Deferred consideration payable (Refer Note 39)	3,160	-
Total	**8,683**	**4,098**
Current		
Current maturities of non-current borrowings	3,278	3,553
Interest accrued but not due on borrowings	190	247
Unpaid dividends	58	62
Payables on purchase of property, plant and equipment	420	1,552
Deferred consideration payable (Refer Note 39)	2,940	-
Total	**6,886**	**5,414**
Total other financial liabilities	**15,569**	**9,512**

17. Provisions

Particulars	As at 31st March 2020	As at 31st March 2019
Gratuity (Refer Note 33)	849	627
Compensated absences (Refer Note 33)	302	239
Total provisions	**1,151**	**866**
Non-current		
Gratuity	617	444
Compensated absences	226	183
Total	**843**	**627**
Current		
Gratuity	232	183
Compensated absences	76	56
Total	**308**	**239**

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

18. Other liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Liability for land restoration	179	179
Total	**179**	**179**
Current		
Advance from customers	2,161	3,235
Statutory remittances	1,030	1,540
Advance from others	11	-
Total	**3,202**	**4,775**
Total other liabilities	**3,381**	**4,954**

19. Revenue from operations

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Revenue from		
- Sale of cement (Refer Note 42)	81,960	88,055
- Sale of power	84	4
Other operating income		
- Income from trademark and staffing charges to subsidiary	360	360
- Sale of scrap	143	141
- Incentives received from government (Refer Note 40)	1,072	473
- Sale of coal	1,108	1,106
- Insurance claims	28	37
- Others	3	25
Total revenue from operations	**84,758**	**90,201**

20. Other income

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Interest Income on financial assets at amortised cost	1,447	1,452
Rent received from employees	5	-
Profit on sale of plant and equipments	33	-
Liabilities no longer required written back	22	2
Net gain on foreign currency transactions and translation	-	52
Net gain on fair value change in financial instruments	125	-
Total other income	**1,632**	**1,506**

21. Cost of materials consumed

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening stock	700	394
Add: Purchases	16,071	15,956
Less: Closing stock	788	700
Total cost of materials consumed	**15,983**	**15,650**
Details of materials consumed:		
Limestone	4,103	7,596
Laterite	1,665	1,497
Iron-ore sludge	452	758
Gypsum	1,153	1,486
Fly ash	1,217	1,408
Clinker purchased	92	90
Slag and others	7,301	2,815
Total	**15,983**	**15,650**

All amounts are in ₹ Lakhs unless otherwise stated

22. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Inventories at the beginning of the year:		
Finished goods	901	154
Work-in-progress	823	3,314
	1,724	**3,468**
Inventories at the end of the year:		
Finished goods	918	901
Work-in-progress	1,408	823
	2,326	**1,724**
Net (increase)/ decrease	**(602)**	**1,744**

23. Employee benefit expenses

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Salaries and wages, including bonus	4,531	4,108
Contribution to provident and other funds	483	373
Staff welfare expenses	556	719
Total employee benefit expenses	**5,570**	**5,200**

24. Finance costs

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Interest expense	2,763	3,021
Less: Borrowing costs on qualifying assets capitalised	(173)	(303)
Other borrowing cost	802	604
Total finance cost	**3,392**	**3,322**

25. Depreciation and amortisation expense

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Depreciation of property, plant and equipment	5,394	4,409
Depreciation on right of use assets	112	-
Amortisation of intangible assets	1	1
Total depreciation and amortisation	**5,507**	**4,410**

26. Other expenses

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Packing materials consumed	3,215	3,919
Stores and spares consumed	2,133	1,624
Repairs and maintenance		
- Plant & equipment	1,072	1,039
- Buildings	133	94
- Others	708	618
Selling expenses	2,514	1,894
Expected credit loss allowance	215	332
Advances written off	25	-
Rent	99	207
Insurance	93	168
Rates and taxes	153	163

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Expenditure on corporate social responsibility	81	122
Payment to auditors (Refer Note (i) below)	38	35
Travelling and conveyance	338	328
Security services	149	138
Donations and contributions	216	43
Legal and other professional charges	342	318
Administrative expenses	195	198
Printing and stationery	31	36
Communication	58	65
Net Loss on foreign currency transactions and translation	201	-
Directors sitting fees	11	12
Miscellaneous expenses	13	30
Loss on sale of plant and equipments	-	4
Captive consumption of cement	(79)	(220)
Total other expenses	**11,954**	**11,167**
Note:		
(i) **Payment to auditors (net of taxes) comprises:**		
For audit	23	23
For limited reviews	7	7
For other services	7	3
Reimbursement of expenses	1	2
Total	**38**	**35**

27. Income tax expense

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) **Income tax recognised in the statement of profit and loss**		
Current tax:		
In respect of the current year	850	874
	850	**874**
Deferred tax		
In respect of current year origination and reversal of temporary differences	300	1,045
MAT Credit	-	(874)
	300	**171**
Total tax expense	**1,150**	**1,045**

Reconciliation of effective tax rate:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit/ (loss) before tax (A)	4,623	3,707
Statutory tax rate in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	**1,615**	**1,295**
Permanent difference		
Effect on Income disallowed under Income Tax Act, 1961	(398)	(349)
Effect on expenses disallowed under Income Tax Act, 1961	113	85
Effect on change in depreciation while filing Income tax return	(183)	(1)
Others	3	15
Total	**(465)**	**(250)**
At the effective income tax rate	1,150	1,045
Total Tax expense	**1,150**	**1,045**

All amounts are in ₹ Lakhs unless otherwise stated

Movement in deferred tax assets and liabilities for the year 2019-20:

Bank	Opening balance	(Recognised)/ reversed through the statement of profit and loss	Recognised through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	9,418	1,422	-	10,840
Provision for employee benefits	(303)	(78)	(22)	(403)
Expected credit loss allowance	(168)	(75)	-	(243)
MAT credit entitlement	(3,864)	(850)	-	(4,714)
Others	(159)	40	-	(119)
Unabsorbed depreciation	(811)	(159)	-	(970)
Total Deferred tax liability (Net)	**4,113**	**300**	**(22)**	**4,391**

Movement in deferred tax assets and liabilities for the year 2018-19:

Bank	Opening balance	(Recognised)/ reversed through the statement of profit and loss	Recognised through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	7,440	1,978	-	9,418
Provision for employee benefits	(173)	(42)	(88)	(303)
Expected credit loss allowance	(50)	(118)	-	(168)
MAT credit entitlement	(2,990)	(874)	-	(3,864)
Others	(197)	38	-	(159)
Unabsorbed depreciation	-	(811)	-	(811)
Total Deferred tax liability (Net)	**4,030**	**171**	**(88)**	**4,113**

Income tax assets and liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Income tax assets (Net of provision of ₹ 4,873 (2018-19: ₹ 4,873)	308	84
Income tax liabilities (Net of advance tax and TDS receivable for an amount of ₹ 768 (2018-19: ₹ 379))	(602)	(756)
Net Income tax liabilities	**(294)**	**(672)**

28. COVID-19 is an infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the World Health Organisation declared COVID-19 a pandemic.

The Government of India, declared a lockdown on 23rd March 2020 in the light of the outbreak of COVID-19, on account of which the Company suspended its operations from 23rd March 2020. The Company has been taking various precautionary measures to protect its employees and their families from the COVID-19 pandemic. Operations have been resumed, subsequent to the year end, from 4th May 2020, wherein the Company has taken all necessary safety measures as laid down by the government for the purpose.

The Company has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial statements in determining the possible effects on the carrying amounts of Investments in subsidiaries, Inventories, receivables and other current assets, that may result from the COVID-19 pandemic. The Company has used the elements of prudence in applying the judgments and assumptions, including sensitivity analysis, and based on current estimates expects the carrying amount of these assets will be recovered. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

29. Contingent liabilities, corporate guarantees and capital 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:

i) Claims against the Company not acknowledged as debt:

Particulars	As at 31st March 2020	As at 31st March 2019
Direct tax matters	53	28
Indirect tax matters	794	575
Others	428	428

ii) The Finance Minister of Government of India had 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 1st July 2010. As advised by the legal experts, the Company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,301 (As at 31st March 2019: ₹ 1,301) from July 2010 to March 2016. The Department of Central Excise issued an order 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 order, the amount of ₹ 1,290 was reversed, but under protest. The balance of ₹ 11 pertains to the penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the Company.

iii) The Honourable Supreme Court, has passed a decision on 28th February 2019 in relation to inclusion of certain allowances in "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company is awaiting further clarifications from the judiciary/department in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.

b) Corporate Guarantees:

Entity	Particulars	Guarantee provided to	As at 31st March 2020	As at 31st March 2019
Sagar Cements (R) Limited	1,500 Non-Convertible Debentures (₹ 10 Lakhs each)	IDBI Trusteeship Services Limited	15,000	15,000
Sagar Cements (R) Limited	Credit facilities and term loans	Federal Bank Limited	4,643	6,000
Jajpur Cements Private Limited	Term loan from Axis Bank Limited	Axis Bank Limited	20,000	-
Satguru Cement Private Limited	Term loan from Indus Ind Bank Limited	Axis Trustee Services Limited	27,500	-
Total			**67,143**	**21,000**

c) Capital Commitments:

Particulars	As at 31st March 2020	As at 31st March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	513	635

All amounts are in ₹ Lakhs unless otherwise stated

30. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Dues to Micro, Small and Medium 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. The amount of dues payable to micro, small and medium enterprises are as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	125	25
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23.	-	-

31. Financial Instruments:

The significant accounting policies, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1(b)(xv) to the financial statements.

A. Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Company consists of net debt (borrowings as detailed in Notes 15 and 16 offset by cash and bank balances) and total equity of the Company. The Company is not subject to any externally imposed capital requirements. The Company's management reviews the capital structure of the Company on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Debt (Refer Note below)	25,557	28,379
Cash and bank balances	1,014	2,806
Net debt	24,543	25,573
Total equity	1,03,251	90,169
Net debt to equity ratio	0.238	0.284

Note:

Debt is defined as current and non-current borrowings as described in Notes 15 and 16.

All amounts are in ₹ Lakhs unless otherwise stated

B. Financial assets and liabilities

The carrying value of financial instruments by categories as at 31st March 2020 and 31st March 2019 is as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Financial assets		
Measured at amortised cost		
(i) Investments	47,726	27,528
(ii) Loans	1,500	2,000
(iii) Trade receivables	9,486	7,814
(iv) Cash and cash equivalents	171	1,784
(v) Other bank balances	843	1,022
(vi) Other financial assets	5,995	6,249
Total Financial assets	**65,721**	**46,397**
Financial liabilities		
Measured at amortised cost		
(i) Borrowings	25,557	28,379
(ii) Trade payables	16,854	15,012
(iii) Lease liabilities	136	-
(iv) Other financial liabilities	12,291	5,959
Total Financial liabilities	**54,838**	**49,350**

There are no financial assets and financial liabilities measured at fair value through profit and loss and fair value through other comprehensive income.

C. Financial risk management objectives:

The Company's corporate finance function monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (includes interest rate risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks through continuous monitoring on day to day basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate finance function reports monthly to the Company's management which monitors risks and policies implemented to mitigate risk exposures.

i) Market risk:

The Company's activities expose it primarily to the financial risk of changes in interest rates. The Company seeks to minimise the effect of this risk through continuous monitoring and take appropriate steps to mitigate the aforesaid risk.

Interest rate risk management:

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's Profit for the year ended 31st March 2020 would decrease/increase by ₹ 128 (for the year ended 31st March 2019: decrease/increase by ₹ 142). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

All amounts are in ₹ Lakhs unless otherwise stated

ii) Credit risk management:

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks by the Company on behalf of its subsidiary. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on (Refer Note 29).

D. Liquidity risk management:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilised credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March 2020 and 31st March 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The Company regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing short term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities

Financing facilities:

Particulars	As at 31st March 2020	As at 31st March 2019
Secured bills acceptance facility, reviewed annually		
- amount used	6,996	3,009
- amount unused	2,004	5,991
Total	**9,000**	**9,000**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	10,765	10,655
- amount unused	2,435	2,545
Total	**13,200**	**13,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	14,792	17,724
- amount unused	-	16
Total	**14,792**	**17,740**

The details regarding the contractual maturities of significant financial liabilities as at 31st March 2020 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	16,854	-	-
Lease liabilities	10	126	-
Other financial liabilities	3,608	3,674	5,009
Borrowings (including current maturities of non-current borrowings)	14,043	3,442	8,072

All amounts are in ₹ Lakhs unless otherwise stated

The details regarding the contractual maturities of significant financial liabilities as at 31st March 2019 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	15,012	-	-
Other financial liabilities	1,861	426	3,672
Borrowings (including current maturities of non-current borrowings)	14,208	3,403	10,768

E. Foreign currency forward and option contracts outstanding as at the Balance Sheet date:

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	3	41,51,847	3,034	Buy	Rupees

32. 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:

Particulars	Balance as at		Maximum amount outstanding during the year ended	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Sagar Cements (R) Limited	6,314	6,251	7,420	6,479
Jajpur Cements Private Limited	1	733	733	733
Satguru Cement Private Limited	3	200	200	200

33. 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 ₹ 250 (2018–19: ₹ 219).

Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administrated by Life Insurance Corporation of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 37 (2018–19: ₹ 33).

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 ₹ 4 (2018–19: ₹ 8).

All amounts are in ₹ Lakhs unless otherwise stated

(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 Life Insurance Corporation of India.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as per actuarial valuation as at 31st March 2020 and 31st March 2019:

a) The principal assumptions used for the purposes of actuarial valuations were as follows:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	6.76%	7.65%
Expected rate of return on plan asset	7.50%/7.65%	7.80%/8.09%
Expected average remaining working lives of employees	15.53 years	15.57 years
Rate of escalation in salary	10%	10%
Attrition rate	10%	10%

b) Components of defined benefit costs recognised in profit and loss and other comprehensive income:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Amount recognised in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	149	99
Interest expense	78	55
Other adjustments	2	-
Expected return on plan assets	(33)	(33)
Defined benefit cost included in profit and loss	**196**	**121**
Re-measurement effects recognised in Other Comprehensive Income (OCI):		
Actuarial loss	64	253
Components of defined benefit costs recognised in OCI	**64**	**253**

c) Key Results - Reconciliation of fair value of assets and obligations

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Present value of funded defined benefit obligations	1,310	1070
Fair value of plan assets	(461)	(443)
Net liability arising from defined benefit obligation	849	627

d) Movement in present value of defined benefits obligation are as follows:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Defined benefit obligation at the beginning of the year	1,070	765
Current service cost	149	99
Interest cost	78	55
Re-measurements - Actuarial loss	64	253
Benefits paid out of plan assets and by employer	(51)	(102)
Defined benefit obligation at the year end	**1,310**	**1,070**

All amounts are in ₹ Lakhs unless otherwise stated

e) Maturity profile of defined benefit obligation:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Within 1 year	232	183
1 – 2 years	156	154
2 – 3 years	151	141
3 – 4 years	140	112
4 – 5 years	139	116
5 – 10 years	504	453

f) Movement in fair value of plan assets are as follows:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening fair value of the plan assets	443	463
Expected return on plan assets	33	33
Contributions from the employer	35	32
Benefits paid out of plan assets	(50)	(85)
Re-measurement – Actuarial loss/ (gain)	-	-
Other adjustments	-	-
Fair value of plan asset at the year end	**461**	**443**

g) Sensitivity Analysis:

Sensitivity to significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation at the period end by one percentage, keeping all other actuarial assumptions constant.

Particulars	For the year ended 31st March 2020		For the year ended 31st March 2019	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	1,173	1,302	992	1,097
Effect of 1% change in assumed salary rate	1,298	1,173	1,097	989
Effect of 1% change in assumed attrition rate	1,225	1,244	1,036	1,048

The Company is expected to contribute ₹ 773 Lakhs to its defined benefit plans during the next financial year.

Compensated absences:

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the period-end. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to the Statement of Profit and Loss in the period determined.

The key assumptions as provided by an independent actuary, used in the computation of provision for compensated absences are as given below:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Discount Rate	6.76%	7.65%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

The Company has made provision for compensated absences based on the actuarial valuation.

All amounts are in ₹ Lakhs unless otherwise stated

34. The Company is exclusively engaged in the business of cement and cement related products. As per Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013, there are no reportable business and geographical segment applicable to the Company.

35. Related Party Disclosures:

The list of related parties of the Company is given below:

Name	Relationship
Sagar Cements (R) Limited	Wholly owned subsidiary Company
Jajpur Cements Private Limited	Wholly owned subsidiary Company
Satguru Cement Private Limited	Subsidiary Company
Key managerial personnel (KMP):	
Swaminatha Reddy Onteddu	Chairman of the Board of Directors
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Kolappa Thanu Pillai	Director
Nagesh Reddy	Nominee Director
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Bertrand	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
Relatives of KMP:	
S. Vanajatha	Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
RV Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence
AVH Resources India Private Limited	Enterprise where a director of Sagar Cements Limited is a director

Summary of the transactions and balances with the above parties are as follows:

Nature of transaction	Party Name	For the year ended 31st March 2020	For the year ended 31st March 2019
Purchase of packing materials	Panchavati Polyfibres Limited	3,365	3,822
Purchase of power	Sagar Cements (R) Limited	1,083	3,697
Purchase of scrap	Sagar Cements (R) Limited	-	53
Sale of scrap	Sagar Cements (R) Limited	2	5
Sale of Coal	Sagar Cements (R) Limited	947	1,106
Purchase of property, plant and equipment	Sagar Power Limited	-	2,648
Purchase of stores	Sagar Power Limited	-	42
Rent expenses paid	Dr. S. Anand Reddy	32	32
	S. Sreekanth Reddy	32	32
	S. Vanajatha	32	32
	Total	**96**	**96**
Services rendered	Sagar Cements (R) Limited	360	360
Services received	Sagarsoft (India) Limited	28	28
	RV Consulting Services Private Limited	34	1,612
	Total	**62**	**1,640**
Reimbursement of expenses received	Sagarsoft (India) Limited	16	17
	RV Consulting Services Private Limited	7	4
	Sagar Power Limited	1	-
	Sagar Cements (R) Limited	2	2
	Satguru Cement Private Limited	3	-
	Jajpur Cements Private Limited	1	-
	Total	**34**	**23**

All amounts are in ₹ Lakhs unless otherwise stated

Nature of transaction	Party Name	For the year ended 31st March 2020	For the year ended 31st March 2019
Interest earned on loan, corporate guarantee and cumulative redeemable preference shares	Sagar Cements (R) Limited	1,313	1,273
Interest earned on corporate guarantee	Jajpur Cements Private Limited	10	-
Advances given	Sagar Cements (R) Limited	3,477	6,141
Payment received against loan given	Sagar Cements (R) Limited	500	500
Advance given	Jajpur Cements Private Limited	20	733
Payment received against advance given	Jajpur Cements Private Limited	753	-
Sale of property, plant and equipment	Satguru Cement Private Limited	6	-
Received against warrant conversion	RV Consulting Services Private Limited	6,023	2,829
	AVH Resources India Private Limited	4,243	2,829
	Total	**10,266**	**5,658**

Compensation to key managerial personnel is as follows:

Nature of transaction	Party Name	For the period ended 31st March 2020	For the year ended 31st March 2019
Short-term benefits	MD, JMD, ED, CS and CFO	664	674
Other benefits	Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	11	105

Outstanding balances:

Nature of transaction	Party Name	As at 31st March 2020	As at 31st March 2019
Loan given	Sagar Cements (R) Limited	1,500	2,000
Advances given	Sagar Cements (R) Limited	4,814	4,251
	Sagar Power Limited	1	12
	RV Consulting Services Private Limited	6	-
	Sagarsoft (India) Limited	-	2
	Jajpur Cements Private Limited	1	-
	Satguru Cement Private Limited	3	-
	Total	**4,825**	**4,265**
Interest accrued but not due	Sagar Cements (R) Limited	4,293	4,098
Trade payables	Panchavati Polyfibres Limited	327	274
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	-	650
Rent payable	Dr. S. Anand Reddy	-	3
	S. Sreekanth Reddy	-	3
	S. Vanajatha	-	3
	Total	**-**	**9**
Corporate guarantee			
(Refer Note 29)	Sagar Cements (R) Limited	19,643	21,000
	Jajpur Cements Private Limited	20,000	-
	Satguru Cement Private Limited	27,500	-
	Total	**67,143**	**21,000**
8% Cumulative redeemable preference shares	Sagar Cements (R) Limited	10,019	8,975
Outstanding warrants	RV Consulting Services Private Limited (4.00 (2018-19: 15.50) Lakhs warrants)	2,190	8,486
	AVH Resources India Private Limited (7.75 (2018-19: 15.50) Lakhs warrants)	4,243	8,486
	Total	**6,433**	**16,972**

All amounts are in ₹ Lakhs unless otherwise stated

36. Operating Lease

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

Operating lease commitments

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

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

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

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1st April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April 2019 using the modified retrospective method and has recorded right of use asset equal to lease liability, on the date of initial application. Accordingly, comparatives for the year ended 31st March 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 242 and a lease liability of ₹ 242.

Following are the changes in the carrying value of right of use assets for the year ended 31st March 2020

Particulars	For the year ended 31st March 2020
Balance as at 1st April 2019	-
Recognition on adoption of Ind AS 116	242
Depreciation	(112)
Closing Balance	**130**

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the statement of profit and loss

All amounts are in ₹ Lakhs unless otherwise stated

The following is the movement in lease liabilities during the year ended 31st March 2020

Particulars	For the year ended 31st March 2020
Recognition on adoption of Ind AS 116	242
Finance cost accrued during the year	11
Payment of lease liabilities	(117)
Closing Balance	**136**

The following is the break-up of current and non-current lease liabilities as at 31st March 2020

Particulars	For the year ended 31st March 2020
Non-current lease liabilities	126
Current lease liabilities	10
Total	**136**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2020 on discounted basis

Particulars	For the year ended 31st March 2020
Within one year	10
After one year but not more than five years	126

37. Earnings per share

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit after tax (₹ in Lakhs)	3,431	2,662
Weighted average number of equity shares outstanding (Refer Note below)	21,471,653	20,400,000
Earnings per share:		
Basic and Diluted (in ₹)	16.17	13.05

Note:

The convertible share warrants allotted by the Company are anti-dilutive in nature.

38. 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 are covered under Schedule VII to the Companies Act, 2013. The Company has spent an amount of ₹ 81 (2018–19: ₹ 122) 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 Expenses'.

39. During the previous year, the Company made a preferential allotment of 31,00,000 convertible warrants of ₹ 730 each to promoter and non-promoter entities on 24th January 2019 and received 25% of the consideration of ₹ 5,658 upon allotment of such warrants. The objective of raising funds through preferential allotment was to invest in Satguru Cement Private Limited (SCPL) and Jajpur Cements Private Limited (JCPL) for setting up a green field integrated cement plant of 1 million T per annum capacity along with a provision for Waste Heat Recovery power plant at Indore and for setting up of a cement grinding plant of 1.5 million T per annum at Odisha respectively and for other general corporate purposes.

During the year ended 31st March 2020, the warrant holders opted to convert 18,75,000 warrants to equal number of equity shares and basis of this 75% of the consideration against warrants as converted of ₹ 10,266 was received. The entire amount was utilised for the purposes for which funds were raised. The consideration of ₹ 2,236 received during the previous year ended 31st March 2019 against the outstanding warrants pending conversion to equity shares as at 31st March 2020 are disclosed under Money received against share warrants under 'Other equity'.

Consequently, the Company acquired 100% equity stake in JCPL on 2nd May 2019 for a consideration of ₹ 450 and subsequently infused ₹ 3,450 as additional equity into JCPL in the current year.

Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

Further, the Company also invested an amount of ₹ 15,000 in SCPL on 8th May 2019, for acquiring 28,97,143 equity shares (face value of ₹ 10 each at a premium of ₹ 507.75) allotted to the Company on preferential basis, which constitutes 65% equity stake in SCPL. Of the said investment, the Company has disbursed ₹ 8,900 and the balance amount of ₹ 6,100 is disclosed as deferred consideration payable.

40. The Company is eligible for reimbursement of sales tax against sales made in the state of Andhra Pradesh and reimbursement of power consumption changes, in respect of expansion of grinding unit at Bayyavaram Unit during the financial year 2018-19. Such reimbursements are in the nature of government grants and recognised income aggregating ₹ 1,072 (2018-19: ₹ 473) under 'Other operating income'.

41. The Company has transferred its term loans from Yes Bank Limited to Axis Bank Limited, ICICI Bank Limited to HDFC Bank Limited for optimisation of interest during the financial year 2019-20. Details are as below:

Previous bank	Present bank	Amount (₹ In Lakhs)
Yes Bank Limited – TL 1	Axis Bank Limited – TL 1	2,591
Yes Bank Limited – TL 2	Axis Bank Limited – TL 2	4,162
Yes Bank Limited – TL 3	Axis Bank Limited – TL 3	1,750
ICICI Bank Limited	HDFC Bank Limited	3,572

The Company has also transferred its working capital facilities of ₹ 3,200 Lakhs with Yes Bank Limited to Axis Bank Limited for optimisation of interest rate.

42. Reconciliation of revenue as per contract price and recognised in Statement of Profit and Loss:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Revenue as per Contract price	94,799	97,077
Less: Discounts and incentives	(12,839)	(9,022)
Revenue as per statement of profit and loss	81,960	88,055

- The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.
- The Company does not provides performance warranty for products, therefore there is no liability towards performance warranty.
- The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

43. For the financial year 2018-19, the Board of Directors had recommended a dividend of ₹ 2.50 per equity share of ₹ 10 each, the said amount was paid during the year.

44. These financial statements were approved by the Company's Board of Directors on 29th May 2020.

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Independent auditor's report

To The Members of SAGAR CEMENTS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **SAGAR CEMENTS LIMITED** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw your attention to Note 26 of the consolidated financial statements, which describes that certain estimates and judgments were made related to the COVID-19 pandemic, wherein, the eventual outcome of the impact of this global health pandemic may be different from those estimated by the management.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
Revenue recognition – Price Discounts **(Refer Note 42 of the Consolidated financial statements)** • Revenue is measured net of discounts earned by customers on the Parent's sales. • Due to the Parent's presence across different marketing regions within the country and the competitive business environment, price discounts vary based on the customer and market it caters to and recognised based on sales made during the year. These discounts are calculated based on the market study reports which reports are collated periodically by the management and are prone to manual interventions. • Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price discounts. • Given the complexity involved in the assessment of price discounts and their periodic recognition against sales, the same is considered as key audit matter.	**Principal audit procedures performed:** • Assessed the appropriateness of the Parent's accounting policies relating to Price discounts by comparing with applicable accounting standards. • Assessed the design and tested the implementation and operating effectiveness of Parent's internal controls over the approvals, calculation, accounting and issuance of credit notes. • Obtained and inspected, on a sample basis, supporting documentation for price discounts recorded and credit note issued during the year as well as credit notes issued after the year end date to determine whether these were recorded appropriately. • Compared the historical trend of price discounts to sales made to determine the appropriateness of current year's discount charge.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Integrated report and Management Discussion and Analysis Report including Annexures and Corporate Governance Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our 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 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.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity 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 Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Parent Company as on 31st March 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March 2020 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 separate Report in "Annexure A" which is based on the auditors' reports of the Parent company, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   a. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   b. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.

   c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)
Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 20201193AAAACE3245)

Place: Hyderabad
Date: 29th May 2020

Annexure "A" to the Independent auditor's report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section 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 31st March 2020, we have audited the internal financial controls over financial reporting of **SAGAR CEMENTS LIMITED** (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, 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 internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

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 Parent and its subsidiary companies, which are companies 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 31st March 2020, based on the criteria for internal financial control over financial reporting established by the respective companies 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)
(UDIN: 20201193AAAACE3245)

Place: Hyderabad
Date: 29th May 2020

Consolidated balance sheet

as on 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	1,27,141	1,17,832
(b) Capital work-in-progress		10,799	11,005
(c) Right of use assets	4	1,176	-
(d) Goodwill		4,162	3,873
(e) Intangible assets			
- Mining rights	3	5,893	2,686
- Other Intangible assets	3	23	24
(f) Financial assets			
(i) Other financial assets	5	1,659	2,084
(g) Deferred tax assets (net)	25	2,119	3,284
(h) Income tax assets (net)	25	465	102
(i) Other non-current assets	6	8,716	1,346
Total Non-current assets (1)		**1,62,153**	**1,42,236**
Current assets			
(a) Inventories	7	11,580	14,501
(b) Financial assets			
(i) Trade receivables	8	13,678	11,561
(ii) Cash and cash equivalents	9	290	1,791
(iii) Bank balances other than (ii) above	10	985	1,159
(iv) Other financial assets	5	394	305
(c) Other current assets	6	4,795	4,558
Total Current assets (2)		**31,722**	**33,875**
TOTAL ASSETS (1+2)		**1,93,875**	**1,76,111**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	2,228	2,040
(b) Other equity	12	94,438	82,343
Equity attributable to Shareholders of the Company		**96,666**	**84,383**
Non-controlling interests		5,393	-
Total Equity (1)		**1,02,059**	**84,383**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	28,724	30,582
(ii) Lease liabilities	33	256	-
(iii) Other financial liabilities	14	7,016	5,459
(b) Provisions	15	970	730
(c) Deferred tax liabilities (net)	25	4,391	4,113
(d) Other non-current liabilities	16	229	229
Total Non-current liabilities (2)		**41,586**	**41,113**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	14,063	13,886
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		148	45
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		22,152	20,339
(iii) Lease liabilities	33	22	-
(iv) Other financial liabilities	14	8,688	9,008
(b) Provisions	15	355	275
(c) Income tax liabilities (net)	25	602	756
(d) Other current liabilities	16	4,200	6,306
Total Current liabilities (3)		**50,230**	**50,615**
Total Liabilities (4=2+3)		**91,816**	**91,728**
TOTAL EQUITY AND LIABILITIES (1+4)		**1,93,875**	**1,76,111**
Corporate information and significant accounting policies	1		
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Consolidated statement of profit and loss

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	Note	For the year ended 31st March 2020	For the year ended 31st March 2019
I	Revenue from operations	17	1,17,515	1,21,755
II	Other income	18	403	288
III	**Total Income (I + II)**		**1,17,918**	**1,22,043**
IV	**Expenses**			
	(a) Cost of materials consumed	19	20,473	19,929
	(b) Purchase of stock-in-trade		3,237	2,595
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(982)	1,356
	(d) Employee benefit expenses	21	6,487	5,875
	(e) Finance costs	22	6,099	6,339
	(f) Depreciation and amortisation expense	23	7,887	6,570
	(g) Power and fuel expenses		30,918	36,276
	(h) Freight and forwarding		22,375	25,246
	(i) Other expenses	24	16,457	15,537
	Total Expenses		**1,12,951**	**1,19,723**
V	**Profit before tax (III - IV)**		4,967	2,320
VI	**Tax expense**			
	(a) Current tax	25	850	874
	(b) Deferred tax (net)	25	1,464	87
	Total Tax expense		**2,314**	**961**
VII	**Profit after tax (V - VI)**		**2,653**	**1,359**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement loss on the defined benefit plan		(60)	(286)
	(ii) Income tax relating to items that will not be reclassified to profit or loss in subsequent years		21	100
	Other comprehensive income for the year, net of tax		**(39)**	**(186)**
IX	**Total comprehensive income for the period (VII + VIII)**		**2,614**	**1,173**
	Profit for the year attributable to;			
	Shareholders of the company		2,671	1,359
	Non-controlling interest	41	(18)	-
			2,653	**1,359**
	Total comprehensive income for the year attributable to ;			
	Shareholders of the company		2,632	1,173
	Non-controlling interest	41	(18)	-
			2,614	**1,173**
X	**Earnings per share (Face value of ₹ 10 per share)**			
	Basic and Diluted	34	12.36	6.66
	Corporate information and significant accounting policies	1		
	See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Consolidated statement of changes in equity

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at 31st March 2018	2,040
Changes in equity share capital during the year	-
Balance at 31st March 2019	**2,040**
Changes in equity share capital during the year	188
Balance at 31st March 2020	**2,228**

B. Other equity

Particulars	Reserves and surplus				Other items of other comprehensive income	Money received against share warrants	Non-controlling interests	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings				
Balance as at 31st March 2018	**35**	**32,007**	**3,598**	**40,236**	**4**	**-**	**-**	**75,880**
Profit for the year	-	-	-	1,359	-	-	-	1,359
Dividend on equity shares (including tax)	-	-	-	(369)	-	-	-	(369)
Other comprehensive income for the year (net of tax ₹ 100)	-	-	-	-	(186)	-	-	(186)
Other adjustments	-	-	-	1	-	-	-	1
Money received against share warrant (Refer Note 36)	-	-	-	-	-	5,658	-	5,658
Balance as at 31st March 2019	**35**	**32,007**	**3,598**	**41,227**	**(182)**	**5,658**	**-**	**82,343**
Profit for the year	-	-	-	2,671	-	-	(18)	2,653
Dividend on equity shares (including tax)	-	-	-	(615)	-	-	-	(615)
Other comprehensive income for the year (net of tax ₹ 21)	-	-	-	-	(39)	-	-	(39)
Minority interest on account business combination	-	-	-	-	-	-	5,411	5,411
Money received against share warrant (Refer Note 36)	-	-	-	-	-	10,266	-	10,266
Allotment of equity shares upon conversion of warrants (Refer Note 36)	-		-	-	-	(188)	-	(188)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	-	13,500	-	-	-	(13,500)	-	-
Balance as at 31st March 2020	**35**	**45,507**	**3,598**	**43,283**	**(221)**	**2,236**	**5,393**	**99,831**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Consolidated statement of cash flows

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31st March 2020		For the year ended 31st March 2019	
A Cash flow from operating activities				
Profit after tax for the year		2,653		1,359
Adjustments for:				
Tax expense	2,314		961	
Depreciation and amortisation expense	7,887		6,570	
Finance costs	6,099		6,339	
Interest income	(139)		(198)	
Liabilities no longer required written off	(52)		(38)	
Expected credit loss allowance	278		332	
Unrealised loss on foreign currency transactions and translation	220		(158)	
Net gain on fair value change in financial instruments	(172)		-	
(Profit)/loss on sale of property, plant and equipment (net)	(33)		60	
Advances written off	150		-	
Incentives from government	(1,072)		(473)	
		15,480		13,395
Operating profit before working capital changes		**18,133**		**14,754**
Changes in working capital				
Adjustments for (increase)/decrease in operating assets:				
Trade receivables	(2,003)		(2,635)	
Inventories	2,921		(5,010)	
Other financial assets	(196)		(503)	
Other assets	1,998		(15)	
		2,720		(8,163)
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	1,086		6,899	
Other financial liabilities	1,343		(505)	
Provisions	260		97	
Other liabilities	(2,345)		599	
		344		7,090
Cash generated from operating activities		**21,197**		**13,681**
Less: Income tax paid		**(992)**		**(381)**
Net cash generated from operating activities		**20,205**		**13,300**
B Cash flow from investing activities				
Capital expenditure on property, plant and equipment including capital advances	(22,786)		(19,537)	
Deposits not considered as cash and cash equivalents				
- Placed	(2,317)		(2,252)	
- Matured	2,654		2,747	
Proceeds from disposal of plant and equipment	66		26	
Investment made during the year	(444)		-	
Interest received	129		334	
Net cash used in investing activities		**(22,698)**		**(18,682)**

Consolidated statement of cash flows (contd.)

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
C Cash flow from financing activities		
Proceeds from issue of share warrants	-	5,658
Proceeds on allotment of equity shares upon conversion of warrants	10,266	-
Proceeds from non-current borrowings	19,590	4,234
Proceeds from loan from others	38	1,000
Repayment of loan from related party	-	(100)
Repayment of non-current borrowings	(21,870)	(3,524)
Repayment of lease liability	(142)	-
(Repayment)/ proceeds from current borrowings (net)	(27)	2,360
Finance costs	(6,248)	(6,184)
Dividend paid including tax	(615)	(371)
Net cash generated from financing activities	**992**	**3,073**
Net increase in cash and cash equivalent (A+B+C)	**(1,501)**	**(2,309)**
Cash and cash equivalent at the beginning of the year	1,791	4,100
Cash and Cash equivalent at the end of the year (Refer Note 9)	**290**	**1,791**
Note:		
Cash and cash equivalents comprises of:		
Cash in hand	10	3
Balances with banks	280	88
Deposits with banks	-	1,700
Cash and cash equivalents (Refer Note 9)	**290**	**1,791**

Reconciliations of liabilities from financing activities:

Particulars	As at 1st April 2019	Proceeds	Repayment	Fair value changes	Business Combination	As at 31st March 2020
Long term borrowings (including current portion)	37,976	19,628	(21,870)	(20)	192	35,906
Short term borrowings	13,886	1,825	(1,852)	-	204	14,063
Total liabilities from financing activities	**51,862**	**21,453**	**(23,722)**	**(20)**	**396**	**49,969**

Particulars	As at 1st April 2018	Proceeds	Repayment	Fair value changes	Business Combination	As at 31st March 2019
Long term borrowings (including current portion)	36,366	5,234	(3,624)	-	-	37,976
Short term borrowings	11,526	2,360	-	-	-	13,886
Total liabilities from financing activities	**47,892**	**7,594**	**(3,624)**	**-**	**-**	**51,862**

Reconciliation of lease liability as on 31st March 2020 (31st March 2019: NIL):

Particulars	As at 1st April 2019	Proceeds	Repayment	Fair value changes	Business Combination	As at 31st March 2020
Lease liabilities	-	408	12	(142)	-	278

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

1. Corporate information and significant accounting policies

(a) Corporate Information:

Sagar Cements Limited ("the Company/ Parent") and its wholly owned subsidiary Sagar Cements (R) Limited, Jajpur Cements Private Limited and its Subsidiary Satguru Cement Private Limited (together referred to as "the Group") are engaged in the business of manufacture and sale of cement and generation of power for sale and captive consumption. The name of the wholly owned subsidiary was changed from BMM Cements Limited to Sagar Cements (R) Limited with effect from 28th March 2017.

(b) Significant accounting policies

i) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India (SEBI).

ii) Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for net realisable value in

Ind AS 2 or value in use in Ind AS 36 that have some similarities to fair value but are not fair value.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

iii) Functional and Presentation currency

These Consolidated financial statements are presented in Indian Rupees (₹) which is the functional currency of the group and the currency of the primary economic environment in which the group operates.

Rounding of amounts

All amounts disclosed in the financial statements which also include the accompanying notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

iv) Use of estimates and Judgements

In the application of the accounting policies, which are described in Note 1(b), the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable and the associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- **Depreciation on property, plant and equipment and amortisation of intangible assets**

  Depreciation on property, plant and equipment and amortisation of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

- **Defined benefit plans**

  The liabilities and costs for defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

- **Evaluation of recoverability of deferred tax assets**

  Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Fair value measurement of Financial instruments**

  When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Provisions and contingencies**

  Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The litigations and claims to which the Group is exposed are assessed by management and in certain cases with the support of external specialised lawyers.

  In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

- **Expected credit losses**

  The Group makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

v) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has ability to use its power to affect its returns.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All amounts are in ₹ Lakhs unless otherwise stated

All intra group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Investee relationship		Country of Incorporation	Ownership held by	% of Holding and voting power held directly	
	31st March 2020	31st March 2019			As at 31st March 2020	As at 31st March 2019
Sagar Cements (R) Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	100%	100%
Jajpur Cements Private Limited	Subsidiary	-	India	Sagar Cements Limited	100%	-
Satguru Cement Private Limited	Subsidiary	-	India	Sagar Cements Limited	65%	-

vi) Business combination

The Group accounts for its business combinations under acquisition method of accounting. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange of control of the acquire. Acquisition related costs are generally recognised in consolidated statement of profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Measurement period adjustments

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period (not more than one year from acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

vii) Non-controlling interests ("NCI")

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

viii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ix) Revenue recognition

The group derives revenue from the sale of cement and recognises when it transfers control over the goods to the customer. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales.

Generation of Power

In case of power generation, revenue from sale of energy is recognised on accrual basis. Claims for delayed payment charges and any other claims, which the Group is entitled to, on grounds of prudence are accounted on admittance basis.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income/interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

xi) Government grants

Grants from the Government are recognised when there is reasonable assurance that:

a) The Group will comply with the conditions attached to them; and

b) The grant will be received.

xii) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined Contribution Plans

The Group'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 retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

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.

xiii) Taxation

Income tax expense represents the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

xiv) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment 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 borrowings costs attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.

Depreciation on plant and machinery and railway siding 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.

Class of asset	Useful lives
Railway siding	25 years
Plant and machinery other than continuous process plant	3 - 25 years
Electrical Equipment (Plant & Machinery)	15 years and 25 years

In case of the Subsidiary company Sagar Cements (R) Limited, 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.

Class of asset	Useful lives
Plant and machinery other than continuous process plant	3 - 5 years
Electrical Equipment (Plant & Machinery)	15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Group follows the process of componentisation for property, plant and equipment. 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 ₹ 5,000 are depreciated in full in the year of acquisition.

Land-Restoration:

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows.

The site restoration provision before exploitation of the raw materials has commenced is included in Property, Plant and Equipment and depreciated over the life of the related asset.

Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition.

The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through the Consolidated Statement of Profit and Loss over the life of the related asset, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. All provisions are discounted to their present value. The unwinding of the discount is recognised as a finance cost in the Consolidated Statement of Profit and Loss.

xv) Intangible assets

Mining rights and computer software acquired are measured on initial recognition at cost. Cost comprises the purchase price (net of tax/duty credits availed wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

xvi) 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. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Work-in-progress and finished goods include appropriate proportion of overheads.

The methods of determining cost of various categories of inventories are as follows:

Raw materials and coal	Weighted average method
Stores and spares and packing materials	Weighted average method
Work-in-progress and finished goods (manufactured)	Weighted average method and including an appropriate share of applicable overheads.

xvii) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand, in bank 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.

Cash flows are reported using indirect method whereby profit/ (loss) after tax is adjusted for the effects of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from operating, investing and financing activities of the group are segregated based on the available information.

xviii) 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 of the Group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Group that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these financial statements, the exchange differences on monetary items arising, if any, are recognised in the statement of profit and loss in the period in which they arise.

xix) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The management evaluates the Group's performance and allocates resources based on analysis of various performance indicators by business segments.

xx) Financial Instruments

(A) Initial recognition

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(B) Subsequent measurement

a. **Financial assets carried at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets at fair value through other comprehensive income:** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c. **Financial assets at fair value through profit or loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d. **Derivative Financial Instruments:** The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Any changes therein are recognised in the Consolidated Statement of Profit and Loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group does not hold derivative financial instruments for speculative purposes.

e. **Financial liabilities:** Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(C) De-recognition of financial assets and liabilities

a. Financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

b. Financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

xxi) Impairment of assets

a. Financial assets:

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

b. Non-financial assets:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

xxii) 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.

xxiii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

xxiv) Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Effective 1st April 2019, the Group adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April 2019 using the modified retrospective method and has recorded right of use asset equal to lease liability, on the date of initial application. Accordingly, comparatives for the year ended 31st March 2019 have not been retrospectively adjusted.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

xxv) Operating cycle

Based on the nature of 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 twelve months for the purpose of classification of its assets and liabilities as current and non-current.

(xxvi) New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April 2020.

All amounts are in ₹ Lakhs unless otherwise stated

2. Property, plant and equipment

Particulars	As at 31st March 2020	As at 31st March 2019
Land - freehold	9,793	9,793
Land - restoration	172	184
Buildings	22,129	18,924
Plant and machinery	81,117	74,895
Furniture and fittings	215	227
Office and other equipment	1,513	1,488
Electrical installations	6,064	5,847
Computers	68	64
Vehicles	501	592
Railway siding	5,569	5,818
Total	**1,27,141**	**1,17,832**

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2019-20

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross Block											
Opening balance	**9,793**	**229**	**26,056**	**99,162**	**860**	**4,857**	**10,748**	**362**	**1,395**	**6,684**	**1,60,146**
Add: Additions	-	-	4,306	10,445	44	341	1,153	34	74	-	16,397
Add: Additions through business combination	-	-	544	-	-	-	-	-	-	-	544
Less: Disposals	-	-	-	32	-	-	25	-	139	-	196
Balance as at 31st March 2020	**9,793**	**229**	**30,906**	**1,09,575**	**904**	**5,198**	**11,876**	**396**	**1,330**	**6,684**	**1,76,891**
II. Accumulated depreciation											
Opening Balance	-	45	7,132	24,267	633	3,369	4,901	298	803	866	42,314
Add: Depreciation expense	-	12	1,640	4,204	56	316	935	30	152	249	7,594
Add: Additions through business combinations	-	-	5	-	-	-	-	-	-	-	5
Less: Eliminated on disposal of assets	-	-	-	13	-	-	24	-	126	-	163
Balance as at 31st March 2020	**-**	**57**	**8,777**	**28,458**	**689**	**3,685**	**5,812**	**328**	**829**	**1,115**	**49,750**
Net block (I-II)											
Carrying value as at 31st March 2020	**9,793**	**172**	**22,129**	**81,117**	**215**	**1,513**	**6,064**	**68**	**501**	**5,569**	**1,27,141**
Carrying value as at 31st March 2019	9,793	184	18,924	74,895	227	1,488	5,847	64	592	5,818	1,17,832

For the year 2018-19

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross Block											
Opening balance	8,917	229	20,386	83,608	754	4,184	8,256	319	1,137	6,684	1,34,474
Add: Additions	876	-	5,670	15,652	106	673	2,504	43	292	-	25,816
Less: Disposals	-	-	-	98	-	-	12	-	34	-	144
Balance as at 31st March 2019	**9,793**	**229**	**26,056**	**99,162**	**860**	**4,857**	**10,748**	**362**	**1,395**	**6,684**	**1,60,146**
II. Accumulated depreciation											
Opening Balance	-	33	5,818	20,646	583	3,129	4,191	261	696	617	35,974
Add: Depreciation expense	-	12	1,314	3,644	50	240	716	37	136	249	6,398
Less: Eliminated on disposal of assets	-	-	-	23	-	-	6	-	29	-	58
Balance as at 31st March 2019	**-**	**45**	**7,132**	**24,267**	**633**	**3,369**	**4,901**	**298**	**803**	**866**	**42,314**
Net block (I-II)											
Carrying value as at 31st March 2019	**9,793**	**184**	**18,924**	**74,895**	**227**	**1,488**	**5,847**	**64**	**592**	**5,818**	**1,17,832**
Carrying value as at 31st March 2018	**8,917**	**196**	**14,568**	**62,962**	**171**	**1,055**	**4,065**	**58**	**441**	**6,067**	**98,500**

All amounts are in ₹ Lakhs unless otherwise stated

3. Intangible assets

Particulars	As at 31st March 2020	As at 31st March 2019
Computer software	23	24
Mining rights	5,893	2,686
Total	**5,916**	**2,710**

For the year 2019-20

Particulars	Computer Software	Mining rights	Total
I. Gross Block			
Opening Balance	**304**	**3,276**	**3,580**
Add: Additions on account of business combination	-	3,371	3,371
Add: Additions	-	-	-
Less: Disposals	-	-	-
Balance as at 31st March 2020	**304**	**6,647**	**6,951**
II. Accumulated amortisation			
Opening Balance	**280**	**590**	**870**
Add: Amortisation expense	1	164	165
Less: Eliminated on disposal of assets	-	-	-
Balance as at 31st March 2020	**281**	**754**	**1,035**
Net block (I-II)			
Carrying value as at 31st March 2020	**23**	**5,893**	**5,916**
Carrying value as at 31st March 2019	24	2,686	2,710

For the year 2018-19

Description of Assets	Land-freehold	Land-restoration	Buildings
I. Gross Block			
Opening Balance	304	3,276	3,580
Add: Additions	-	-	-
Less: Disposals	-	-	-
Balance as at 31st March 2019	**304**	**3,276**	**3,580**
II. Accumulated amortisation			
Opening Balance	272	426	698
Add: Amortisation expense	8	164	172
Less: Eliminated on disposal of assets	-	-	-
Balance as at 31st March 2019	**280**	**590**	**870**
Net block (I-II)			
Carrying value as at 31st March 2019	**24**	**2,686**	**2,710**
Carrying value as at 31st March 2018	**32**	**2,850**	**2,882**

4. Right of use assets

Particulars	As at 31st March 2020	As at 31st March 2019
Buildings	155	-
Leasehold land	1,021	-
Total	**1,176**	**-**

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2019-20

Particulars		Buildings	Leasehold land	Total
I	**Gross Block**			
	Opening Balance	**-**	**-**	**-**
	Add: Reclassified on account of adoption of Ind AS 116	-	648	648
	Add: Recognised on adoption of Ind AS 116	292	391	683
	Add: Additions	-	-	-
	Less: Deletion	-	-	-
	Balance as at 31st March 2020	**292**	**1,039**	**1,331**
II.	**Accumulated depreciation**			
	Opening Balance	**-**	**-**	**-**
	Add: Depreciation expense	137	18	155
	Balance as at 31st March 2020	**137**	**18**	**155**
	Net block (I-II)			
	Carrying value as at 31st March 2020	**155**	**1,021**	**1,176**
	Carrying value as at 31st March 2019	-	-	-

5. Other financial assets (Unsecured, considered good)

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Security deposits	1,553	1,832
Balances held as margin money deposit against borrowings	106	252
Total	**1,659**	**2,084**
Current		
Security deposits	91	188
Advances to employees	66	42
Interest accrued but not due	65	75
Derivatives designated in hedge accounting relationship	172	-
Total	**394**	**305**
Total other financial assets	**2,053**	**2,389**

6. Other assets (Unsecured, considered good)

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Capital advances	8,340	1,175
Advances to suppliers and service providers	59	-
Prepaid expenses	169	171
Balances with government authorities	148	-
Total	**8,716**	**1,346**
Current		
Advances to suppliers and service providers	638	1,768
Advances to related parties (Refer Note 32)	7	2
Prepaid expenses	1,030	333
Balances with government authorities	528	174
Excise duty refund receivable	194	194
Incentives receivable from government (Refer Note 37)	2,398	1,533
Advance to others	-	554
Total	**4,795**	**4,558**
Total other assets	**13,511**	**5,904**

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

7. Inventories (at lower of cost and net realisable value)

Particulars	As at 31st March 2020	As at 31st March 2019
Raw materials	1,117	971
Coal	3,563	6,549
Work-in-progress	2,255	1,502
Stores and spares	2,470	1,925
Packing materials	407	438
Finished goods	1,413	1,184
Total (A)	**11,225**	**12,569**
Goods-in-transit:		
Raw materials	-	9
Coal	353	1,890
Packing materials	-	31
Finished goods	2	2
Total (B)	**355**	**1,932**
Total inventories (A+B)	**11,580**	**14,501**

8. Trade receivables

Particulars	As at 31st March 2020	As at 31st March 2019
Trade receivables considered good - Secured	3,317	656
Trade receivables considered good - Unsecured	10,361	10,905
Trade receivables - credit impaired	817	527
Sub-total	**14,495**	**12,088**
Less: Expected credit loss allowance	(817)	(527)
Total trade receivables	**13,678**	**11,561**

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix. The ageing of the receivables is as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Within the credit period	9,728	8,061
1-30 days past due	1,535	1,493
31-60 days past due	538	425
61-90 days past due	259	457
91-180 days past due	504	381
More than 180 days past due	1,931	1,271
Total	**14,495**	**12,088**

Movement in expected credit loss allowance

Particulars	2019-20	2018-19
Balance at the beginning of the year	527	195
Add: Expected credit loss allowance	290	332
Balance at the end of the year	**817**	**527**

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

9. Cash and cash equivalents

Particulars	As at 31st March 2020	As at 31st March 2019
Cash in hand	10	3
Balances with banks	280	88
Deposits with banks	-	1,700
Total Cash and cash equivalents	**290**	**1,791**

10. Other bank balances

Particulars	As at 31st March 2020	As at 31st March 2019
Unpaid dividend account	58	62
Margin money deposits (Refer note below)	927	1,097
Total Other bank balances	**985**	**1,159**

Note:

Margin money deposits are against bank guarantees and cash credit facilities.

11. Equity share capital

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each	2,20,00,000	2,350	2,20,00,000	2,200
Preference shares of ₹ 10 each	-	-	-	-
Total	**2,20,00,000**	**2,350**	**2,20,00,000**	**2,200**
Issued, subscribed and fully paid up:				
Equity shares ₹ 10 each	2,22,75,000	2,228	2,04,00,000	2,040
Total	**2,22,75,000**	**2,228**	**2,04,00,000**	**2,040**

(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount	No. of shares	Amount
Opening balance	2,04,00,000	2,040	2,04,00,000	2,040
Allotment of equity shares upon conversion of warrants	18,75,000	188	-	-
Closing balance	**2,22,75,000**	**2,228**	**2,04,00,000**	**2,040**

(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:

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	% of holding	No. of shares	% of holding
S. Veera Reddy	-	-	16,43,795	8.06%
S. Aruna	13,69,545	6.15%	13,69,545	6.71%
Rachana Sammidi	11,67,183	5.24%	11,67,183	5.72%
Dr. S. Anand Reddy	13,06,524	5.87%	13,06,524	6.40%
S. Sreekanth Reddy	12,39,353	5.56%	12,38,753	6.07%
HDFC Trustee Company Limited - Prudence Fund	13,09,820	5.88%	13,06,000	6.40%
AVH Resources India Private Limited	43,58,704	19.57%	35,83,704	17.57%

All amounts are in ₹ Lakhs unless otherwise stated

(d) During the year 2019-20, the Company converted 18,75,000 warrants into equal number of equity shares. (Refer Note 36)

12. Other equity

Particulars	As at 31st March 2020	As at 31st March 2019
Capital reserve	35	35
Securities premium	45,507	32,007
General reserve	3,598	3,598
Retained earnings	43,283	41,227
Other items for other in comprehensive income	(221)	(182)
Money received against share warrants	2,236	5,658
Total other equity	**94,438**	**82,343**

Movement in other equity is as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Capital Reserve	35	35
Securities premium		
(i) Opening Balance	32,007	32,007
(ii) Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	13,500	-
	45,507	**32,007**
General Reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	41,227	40,236
(ii) Profit for the year	2,671	1,359
(iii) Other adjustments	-	1
	43,898	**41,596**
Less: Appropriations		
(i) Dividend on equity shares	510	306
(ii) Tax on dividend	105	63
	43,283	**41,227**
Other items of other comprehensive income		
(i) Opening Balance	(182)	4
(ii) Other comprehensive income	(39)	(186)
	(221)	**(182)**
Money received against share warrants (Refer Note 36)	**2,236**	**5,658**
Total	**94,438**	**82,343**

Nature of reserves:

(a) Capital reserve

This represents subsidies received from the government.

(b) Securities premium

Amounts received on issue of shares in excess of the par value has been classified as securities premium.

(c) General reserve

This represents appropriation of profit by the company

(d) Retained earnings

Retained earnings comprises of undistributed earnings after taxes.

(e) Other items of other comprehensive income

Other items of other comprehensive income consist of re-measurement of net defined benefit liability.

(f) Money received against share warrants

This represents the moneys received against the share warrants alloted.

All amounts are in ₹ Lakhs unless otherwise stated

13. Non-current borrowings* (Secured, at amortised cost)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Debentures (Refer Note (ii) below)	10,384	12,692
(b) Term Loans (Refer Note (i) below and Note 38)	18,340	17,890
Total non-current borrowings	**28,724**	**30,582**

Current maturities of non-current borrowings are disclosed under the head "Other financial liabilities".

Notes (i):

As at 31st March 2020

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	3,018	11 quarterly installments	8.65%
Axis Bank Limited (Refer Note 2 below)	1,533	37 monthly installments	9.20%
The Federal Bank Limited (Refer Note 3 below)	3,624	22 quarterly installments	9.00%
Axis Bank Limited (Refer Note 4 below)	2,292	17 quarterly installments	9.20%
Yes Bank Limited (Refer Note 4 below)	300	12 quarterly installments	10.40%
Axis Bank Limited (Refer Note 4 below)	3,980	25 quarterly installments	9.20%
State Bank of India (Refer Note 5 below)	3,299	25 quarterly installments	9.15%
Axis Bank Limited (Refer Note 6 below)	3,553	36 quarterly installments	10.15%
Vehicle loans from various banks/financial institutions (Refer Note 7 below)	447	6 - 33 monthly installments	7.98% to 9.50%
Less: Current maturities of non-current borrowings	(3,706)		
	18,340		

As at 31st March 2019

Bank	Loan outstanding	Terms of repayment	Rate of interest
ICICI Bank Limited (Refer Note 1 below)	4,131	15 quarterly installments	9.35%
Yes Bank Limited (Refer Note 2 below)	2,000	48 monthly installments	10.40%
Yes Bank Limited (Refer Note 3 below)	4,142	25 quarterly installments	11.65%
Yes Bank Limited (Refer Note 4 below)	2,877	21 quarterly installments	11.25%
Yes Bank Limited (Refer Note 4 below)	400	16 quarterly installments	10.40%
Yes Bank Limited (Refer Note 4 below)	4,377	28 quarterly installments	10.40%
State Bank of India (Refer Note 5 below)	3,599	28 quarterly installments	9.50%
Vehicle loans from various banks/financial institutions (Refer Note 7 below)	493	1 - 37 monthly installments	7.97% to 10.50%
Less: Current maturities of non-current borrowings	(4,129)		
	17,890		

Notes:

1. *Term loan is secured by pari-passu charge on the property, plant & 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, Managing Director and S. Sreekanth Reddy, Joint Managing Director.*

2. *Term loan is secured by pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future excluding fixed assets pertaining to grinding unit at Bayyavaram and plant and equipment of Waste heat recovery power plant at Mattampally, and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.*

3. *Term loan is secured by pari-passu charge on the property, plant and equipment (including mining land) owned by or belonging to the company (Sagar Cements (R) Limited), both present and future, and by a second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Director and corporate guarantee of Sagar Cements Limited and First pari-passu charge on shares of Sagar Cements (R) Limited held by Sagar Cements Limited subject to RBI Guidelines.*

4. *Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram near Vishakhapatnam, Andhra Pradesh both present and future and by second charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.*

5. *Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.*

6. *Term loan is secured by pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company (Jajpur Cements Private Limited) both present and future, hypothication of all rights, title and interests of the borrower under all plant documents, contracts, insurance policies, permits/ approvals etc related to the plant, to which the borrower is party and can be legally assigned, 30% pledge on total equity share capital of the company including CCD's and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director and corporate guarantee of Sagar Cements Limited.*

7. *Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.*

8. *As per RBI Circulars DOR.No.BP.BC.47/21.04.048/2019-20 and DOR.No.BP.BC.63/21.04.048/2019-20 dated 27th March 2020 and 17th April 2020 respectively, relating to the COVID-19 Regulatory Package, the Company availed moratorium of three months on the payment of interest on cash credit accounts, falling due between 1st March 2020 and 31st May 2020 from State Bank of India, Axis Bank Limited, HDFC Bank Limited and Federal Bank Limited. Further, the Company also availed moratorium of three months on the payment of installment and interest on term loan falling due between 1st March 2020 and 31st May 2020 from State Bank of India, Axis Bank Limited, HDFC Bank Limited and Federal Bank Limited.*

Note (ii):

Non-Convertible Debentures (NCD) have been issued to International Finance Corporation (IFC). A total of 1,500 NCD's have been issued (₹ 10 Lakhs each) aggregating ₹ 15,000. Interest payable on the NCD's is @11.60%.The NCD's were issued on 23rd March 2016. Interest is payable at half yearly rest with effect from 31st May 2016. Repayment for the NCD's are to be made in 13 equal half yearly installments of ₹ 1,154 starting from May 2019 onwards. The Company has paid two installments during the current year. The NCD's are secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant & machinery and 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 - Managing Director and S. Sreekanth Reddy, Joint Managing Director. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's. As per the agreement with the IFC, Company's obligation towards debt and interests from Holding Company are subordinate to the payment due to IFC against the NCD's.

Particulars	As at 31st March 2020	As at 31st March 2019
Current borrowings (at amortised cost)		
Loans repayable on demand		
Cash credit facilities (Refer Notes below and Note 38)	14,063	13,886
Total secured borrowings	**14,063**	**13,886**

Notes:

1. *The Company has availed cash credit facilities from State bank of India. This facility is secured against all current assets, present and future, and by second charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.85% p.a.to 9.50% p.a (2018-19: 9.45% p.a. to 10.25% p.a.)*

2. *The Company has availed cash credit facilities from Axis Bank Limited. This facility is secured against all current assets, present and future, and by second charge on the property, plant and equipment of the Company (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit) and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.45% p.a. (2018-19: Nil). During the financial year, the Company transferred its cash credit facilities from Yes Bank Limited to Axis Bank Limited.*

3. *The Company has availed cash credit facilities from HDFC Bank Limited. This facility is secured against all current assets, present and future, and by second charge on the entire property, plant and equipment of the Company including land and building, and post dated cheques aggregating ₹ 1,000 from any working capital banker and personal guarantee by S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.40% p.a. to 8.90% p.a. (2018-19: 8.10% p.a. to 9.30% p.a.).*

4. *The Sagar Cements (R) Limited has availed cash credit facilities from State bank of India. This facility is secured against all current assets, present and future, and by second charge on entire property, plant and equipment of the Sagar Cements (R) Limited including land and building and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The loans are repayable on demand and carries interest @ 10.65% p.a to 11.05% p.a. (2018-19: 10.45% p.a. to 11.05% p.a.).*

5. *The Sagar Cements (R) Limited has availed cash credit facilities from The Federal Bank Limited. This facility is secured against all current assets, present and future, and by second charge on property, plant and equipment (movable and immovable, including mining land) of the Sagar Cements (R) Limited, present and future, and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 8.95% p.a. (2018-19: Nil.). During the financial year, the Company transferred its cash credit facilities from Yes Bank Limited to Federal Bank Limited.*

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

14. Other financial liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Security deposits received	5,848	4,501
Loan from others	55	58
Loans from related party	1,113	900
Total	**7,016**	**5,459**
Current		
Current maturities of non-current borrowings	6,014	6,436
Interest accrued but not due on borrowings	733	898
Unpaid dividends	58	62
Payables on purchase of property, plant and equipment	1,883	1,612
Total	**8,688**	**9,008**
Total other financial liabilities	**15,704**	**14,467**

15. Provisions

Particulars	As at 31st March 2020	As at 31st March 2019
Gratuity (Refer Note 30)	954	710
Compensated absences (Refer Note 30)	371	295
Total provisions	**1,325**	**1,005**
Non-current		
Gratuity	693	506
Compensated absences	277	224
Total	**970**	**730**
Current		
Gratuity	261	204
Compensated absences	94	71
Total	**355**	**275**

16. Other liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Non-current		
Liability for land restoration	229	229
Total	**229**	**229**
Current		
Advance from customers	2,659	3,913
Statutory remittances	1,530	2,393
Advance from others	11	-
Total	**4,200**	**6,306**
Total other liabilities	**4,429**	**6,535**

All amounts are in ₹ Lakhs unless otherwise stated

17. Revenue from operations

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Revenue from		
- Sale of cement (Refer Note 42)	1,15,841	1,20,493
- Sale of power	152	539
Other operating income		
- Sale of scrap	159	153
Sale of coal	249	-
- Incentives received from government (Refer Note 37)	1,072	473
- Insurance claims	36	69
others	6	28
Total revenue from operations	**1,17,515**	**1,21,755**

18. Other income

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Interest Income on financial assets at amortised cost	139	198
Rent received from employees	7	-
Profit on sale of property, plant & equipment	33	-
Liabilities no longer required written back	52	38
Net gain on foreign currency transactions and translation	-	52
Net gain on fair value change in financial instruments	172	-
Total other income	**403**	**288**

19. Cost of materials consumed

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening stock	971	745
Add: Purchases	20,619	20,155
Less: Closing stock	1,117	971
Total cost of materials consumed	**20,473**	**19,929**
Details of materials consumed		
Limestone	5,998	9,564
Laterite	2,735	2,502
Iron-ore sludge	726	1,146
Gypsum	1,622	1,950
Fly ash	1,635	1,846
Clinker Purchased	92	90
Slag and others	7,665	2,831
Total	**20,473**	**19,929**

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

20. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Inventories at the beginning of the year:		
Finished goods	1,184	400
Work-in-progress	1,502	3,642
	2,686	**4,042**
Inventories at the end of the year:		
Finished goods	1,413	1,184
Work-in-progress	2,255	1,502
	3,668	**2,686**
Net (increase)/ decrease	**(982)**	**1,356**

21. Employee benefit expenses

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Salaries and wages, including bonus	5,376	4,674
Contribution to provident and other funds	581	442
Staff welfare expenses	633	759
Less: Employee benefits transferred to CWIP	(103)	-
Total employee benefit expenses	**6,487**	**5,875**

22. Finance costs

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Interest expense	5,201	5,802
Less: Borrowing costs on qualifying assets capitalised	(208)	(303)
Other borrowing cost	1,106	840
Total finance cost	**6,099**	**6,339**

23. Depreciation and amortisation expense

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Depreciation of property, plant and equipment	7,594	6,398
Depreciation on right of use assets	155	-
Amortisation of intangible assets	165	172
Less: Depreciation transferred to CWIP	(27)	-
Total depreciation and amortisation	**7,887**	**6,570**

All amounts are in ₹ Lakhs unless otherwise stated

24. Other expenses

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Packing materials consumed	4,634	5,391
Stores and spares consumed	3,024	2,524
Repairs and maintenance		
Plant & equipment	1,837	1,854
Buildings	133	94
Others	854	732
Selling expenses	2,819	2,247
Expected credit loss allowances	278	332
Advances written off	150	-
Rent	147	277
Insurance	162	230
Rates and taxes	244	224
Expenditure on corporate social responsibility	84	122
Payment to Auditors (Refer Note (i) below)	79	53
Traveling and conveyance	414	410
Security services	268	248
Donations and contributions	222	52
Legal and other professional	603	586
Administrative expenses	230	213
Printing and stationery	35	39
Communication	68	74
Net Loss on foreign currency transactions and translation	244	-
Directors sitting fees	14	17
Miscellaneous expenses	15	17
Loss on sale of property, plant and equipments	-	60
Captive consumption of Cement	(101)	(259)
Total other expenses	**16,457**	**15,537**
Note:		
Payment to Auditors (net of taxes) comprises:		
For audit	57	36
For limited reviews	12	12
For other services	9	3
Reimbursement of expenses	1	2
Total	**79**	**53**

25. Income tax expense

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) **Income tax recognised in the Statement of Profit & Loss**		
Current Tax:		
In respect of the current year	850	874
	850	**874**
Deferred Tax		
In respect of current year origination and reversal of temporary differences	1,464	961
MAT Credit	-	(874)
	1,464	**87**
Total tax expense	**2,314**	**961**

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(b) **Reconciliation of estimated income tax expense at Indian Statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:**		
Profit before tax	4,967	2,320
Indian Statutory Income Tax Rate	34.94%	34.94%
Expected income tax expense	1,735	811
Tax effect of expenses that are not deductible in determining taxable profit	579	150
Total Income tax expense	**2,314**	**961**

Reconciliation of effective tax rate:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit/ (loss) before tax (A)	4,967	2,320
Statutory tax rate in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	**1,735**	**811**
Permanent difference		
Effect on income disallowed under Income Tax Act, 1961	(12)	(3)
Effect on expenses disallowed under Income Tax Act, 1961	112	165
Effect on change in depreciation while filing Income tax return	(183)	(54)
Effect on change in Income tax rate	680	-
Others	(18)	42
Total	**579**	**150**
At the effective income tax rate	2,314	961
Total Tax expense	**2,314**	**961**

Movement in deferred tax assets and liabilities for the year 2019-20:

Particulars	Opening balance	(Recognised)/ reversed through the statement of profit and loss	Recognised through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	17,508	42	-	17,550
Provision for employee benefits	(352)	(76)	(21)	(449)
Expected credit loss allowance	(184)	(93)	-	(277)
MAT credit entitlement	(3,864)	(850)	-	(4,714)
Carry forward unabsorbed depreciation and business losses	(12,120)	2,418	-	(9,702)
Others	(159)	23	-	(136)
Total Deferred tax liability (Net)	**829**	**1,464**	**(21)**	**2,272**

Movement in deferred tax assets and liabilities for the year 2018-19:

Particulars	Opening balance	(Recognised)/ reversed through the statement of profit and loss	Recognised through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	14,965	2,543	-	17,508
Provision for employee benefits	(206)	(46)	(100)	(352)
Expected credit loss allowance	(66)	(118)	-	(184)
MAT credit entitlement	(2,990)	(874)	-	(3,864)
Carry forward unabsorbed depreciation and business losses	(10,664)	(1,456)	-	(12,120)
Others	(197)	38	-	(159)
Total Deferred tax liability (Net)	**842**	**87**	**(100)**	**829**

All amounts are in ₹ Lakhs unless otherwise stated

Gross deferred tax assets and liabilities are as follows:

As at 31st March 2020	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(6,710)	10,840	17,550
Provision for employee benefits	46	(403)	(449)
Expected credit loss allowance	34	(243)	(277)
MAT credit entitlement	-	(4,714)	(4,714)
Carry forward of unabsorbed depreciation and business losses	8,732	(970)	(9,702)
Others	17	(119)	(136)
Total	**2,119**	**4,391**	**2,272**

As at 31st March 2019	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(8,090)	9,418	17,508
Provision for employee benefits	49	(303)	(352)
Expected credit loss allowance	16	(168)	(184)
MAT credit entitlement	-	(3,864)	(3,864)
Carry forward of unabsorbed depreciation and business losses	11,309	(811)	(12,120)
Others	-	(159)	(159)
Total	**3,284**	**4,113**	**829**

Income tax assets and liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Income tax assets (Net of provision of ₹ 4,873 (2018-19: ₹ 4,873)	465	102
Income tax liabilities (Net of advance tax and TDS receivable for an amount of ₹ 768 (2018-19: ₹ 379))	602	756
Net Income tax liabilities	**(137)**	**(654)**

26. COVID-19 is an infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the World Health Organisation declared COVID-19 a pandemic.

The Government of India, declared a lockdown on 23rd March 2020 in the light of the outbreak of COVID-19, on account of which the Group suspended its operations from 23rd March 2020. The Group has been taking various precautionary measures to protect its employees and their families from the COVID-19 pandemic. Operations have been resumed, subsequent to the year end, from 4th May 2020, wherein the Group has taken all necessary safety measures as laid down by the government for the purpose.

The Group has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial statements in determining the possible effects on the carrying amounts of Goodwill on consolidation, Inventories, receivables, deferred tax assets and other current assets, that may result from the COVID-19 pandemic. The Group has used the elements of prudence in applying the judgments and assumptions, including sensitivity analysis, and based on current estimates expects the carrying amount of these assets will be recovered. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

All amounts are in ₹ Lakhs unless otherwise stated

27. Contingent liabilities, corporate guarantees and capital commitments

a) Contingent Liabilities:

Based on legal opinion/advice obtained, no financial implication to the group with respect to the following cases is perceived as on the Balance Sheet date.

(i) Claims against the Company not acknowledged as debt:

Particulars	As at 31st March 2020	As at 31st March 2019
Direct taxes related	1,928	636
Indirect taxes related	1,315	1,096
Others	428	428

(ii) 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 1st July 2010. As advised by the legal experts the Company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,612 (As at 31st March 2019: ₹ 1,612) from July 2010 to September 2016. The Department of Central Excise issued an order 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 order the amount of ₹ 1,601 was reversed, but under protest. The balance of ₹ 11 pertains to penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the group.

(iii) The Honourable Supreme Court, has passed a decision on 28th February 2019 in relation to inclusion of certain allowances in "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The group is awaiting further clarifications from the judiciary/department in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the group, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.

b) Corporate Guarantees:

Entity	Particulars	Guarantee provided to	As at 31st March 2020	As at 31st March 2019
Sagar Cements (R) Limited	1,500 Non-Convertible Debentures (₹ 10 Lakhs each)	IDBI Trusteeship Services Limited	15,000	15,000
Sagar Cements (R) Limited	Credit facilities and term loans	Federal Bank Limited	4,643	6,000
Jajpur Cements Private Limited	Term loan from Axis Bank Limited	Axis Bank Limited	20,000	-
Satguru Cement Private Limited	Term loan from Indus Ind Bank Limited	Axis Trustee Services Limited	27,500	-
Total			**67,143**	**21,000**

c) Capital Commitment:

Particulars	As at 31st March 2020	As at 31st March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	48,428	666

All amounts are in ₹ Lakhs unless otherwise stated

28. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Dues to micro, small and medium 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. The amount of dues payable to micro, small and medium enterprises is as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	148	45
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act.	-	-

29. Financial Instruments:

The significant accounting policies, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1(b)(xx) to the financial statements.

A) Capital Management:

The group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the group consists of net debt (borrowings as detailed in Notes 13 & 14 offset by cash and bank balances) and total equity of the group. The group is not subject to any externally imposed capital requirements. The group's management reviews the capital structure of the group on a monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Debt (Refer Note below)	49,969	51,862
Cash and bank balances	1,275	2,950
Net debt	48,694	48,912
Total equity	1,02,059	84,383
Net debt to equity ratio	0.48	0.58

Note:

Debt is defined as current and non-current borrowings as described in Notes 13 and 14.

All amounts are in ₹ Lakhs unless otherwise stated

B) Financial assets and liabilities:

The carrying value and fair value of financial instruments by categories as at 31st March 2020 and 31st March 2019 is as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Financial assets		
Measured at amortised cost		
(i) Trade receivables	13,678	11,561
(ii) Cash and cash equivalents	290	1,791
(iii) Other bank balances	985	1,159
(iv) Other financial assets	2,053	2,389
Total Financial assets	**17,006**	**16,900**
Financial liabilities		
Measured at amortised cost		
(i) Borrowings	48,801	50,904
(ii) Trade payables	22,300	20,384
(iii) Lease liabilities	278	-
(iv) Other financial liabilities	9,690	8,031
Total Financial liabilities	**81,069**	**79,319**

There are no financial assets and financial liabilities measured at fair value through profit and loss and fair value through other comprehensive income.

C) Financial risk management objectives:

The group's corporate finance function monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (includes interest rate risk), credit risk and liquidity risk. The group seeks to minimise the effects of these risks by continues monitoring on day to day basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate finance function reports monthly to the group's management, which monitors risks and policies implemented to mitigate risk exposures.

i) Market risk:

The group's activities expose it primarily to the financial risk of changes in interest rates. The group seeks to minimise the effect of this risk by continues monitoring and take appropriate steps to mitigate the aforesaid risk.

Interest rate risk management:

The group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group's: Profit for the year ended 31st March 2020 would decrease/increase by ₹ 250 (for the year ended 31st March 2019: decrease/increase by ₹ 257). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

All amounts are in ₹ Lakhs unless otherwise stated

ii) Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The group does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year.

D) Liquidity Risk Management:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they become due. The group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the group has unutilised credit limits with banks. The group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March 2020 and 31st March 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The group regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing short term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities

Financing facilities:

Particulars	As at 31st March 2020	As at 31st March 2019
Secured bills acceptance facility, reviewed annually		
- amount used	8,158	4,292
- amount unused	2,342	6,208
Total	**10,500**	**10,500**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	14,063	13,886
- amount unused	3,137	3,314
Total	**17,200**	**17,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	33,938	22,019
- amount unused	35,555	16
Total	**69,493**	**22,035**
Secured non-convertible debentures		
- amount used	12,692	15,000
- amount unused	-	-
Total	**12,692**	**15,000**

The details regarding the contractual maturities of significant financial liabilities as at 31st March 2020 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	22,300	-	-
Lease liabilities	22	161	95
Other financial liabilities	2,674	411	6,605
Borrowings (including current maturities of non-current borrowings)	20,077	6,274	22,450

All amounts are in ₹ Lakhs unless otherwise stated

The details regarding the contractual maturities of significant financial liabilities as at 31st March 2019 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	20,384	-	-
Other financial liabilities	2,572	337	5,122
Borrowings (including current maturities of non-current borrowings)	20,322	6,264	24,318

E) **Foreign currency forward and option contracts outstanding as at the Balance Sheet date:**

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	5	54,66,364	3,988	Buy	Rupees

30. Employee benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the group 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 group'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 ₹ 314 (2018–19: ₹ 265). In the financial year 2019-20, as the project is under implementation, provident fund expenditure of ₹ 5 relating to Jajpur Cements Private Limited and Satguru Cement Private Limited transferred to CWIP.

Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administrated by Life Insurance Corporation of India. The group'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 ₹ 37 (2018–19: ₹ 33).

Employee State Insurance

The group makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the group 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 group'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 ₹ 6 (2018–19: ₹ 10).

(ii) Defined benefit plan:

Gratuity:

In accordance with the 'Payment of Gratuity Act, 1972 of India, the group 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 Life Insurance Corporation of India.

The following table sets out the funded status of the gratuity plan and the amounts to be recognised in the financial statements as per actuarial valuation as at 31st March 2020 and 31st March 2019:

All amounts are in ₹ Lakhs unless otherwise stated

a) The principal assumptions used for the purposes of actuarial valuations were as follows:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	6.65% - 6.76%	7.65%
Expected rate of return on plan asset	7.50% - 7.65%	7.80%/8.09%
Expected average remaining working lives of employees	15.53 years	15.57 years
Rate of escalation in salary	10%	10%
Attrition rate	10%	10%

b) Components of Defined benefit costs recognised in profit and loss and other comprehensive income:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Amount recognised in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	176	119
Interest expense	98	59
Other adjustments	2	-
Expected return on plan assets	(47)	(34)
Defined benefit cost included in profit and loss	**229**	**144**
Re-measurement effects recognised in Other Comprehensive Income (OCI):		
Actuarial loss	60	286
Components of defined benefit costs recognised in OCI	**60**	**286**

c) Key Results - Reconciliation of fair value of assets and obligations:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Present value of funded defined benefit obligations	1,455	1,174
Fair value of plan assets	(501)	(464)
Net liability arising from defined benefit obligation	954	710

d) Movements in present value of defined benefits obligation are as follows:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Defined benefit obligation at the beginning of the year	1,174	816
Current service cost	176	119
Interest cost	98	59
Re-measurements - Actuarial loss	60	286
Benefits paid out of plan assets and by employer	(53)	(106)
Defined benefit obligation at the year end	**1,455**	**1,174**

e) Maturity profile of defined benefit obligation:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Within 1 year	261	204
1 – 2 years	167	163
2 – 3 years	166	150
3 – 4 years	151	124
4 – 5 years	152	124
5 – 10 years	554	493

All amounts are in ₹ Lakhs unless otherwise stated

f) **Movements in fair value of plan assets are as follows:**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening fair value of the plan assets	464	476
Expected return on plan assets	47	34
Contributions from the employer	42	43
Benefits paid out of plan assets	(52)	(89)
Re-measurement – Actuarial loss	-	-
Acquisition Adjustment/ New Policy/Premium Expenses	-	-
Fair value of plan asset at the year end	**501**	**464**

g) **Sensitivity Analysis:**

Sensitivity to significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation at the period end by one percentage, keeping all other actuarial assumptions constant.

Particulars	For the year ended 31st March 2020		For the year ended 31st March 2019	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	1,308	1,458	1,089	1,208
Effect of 1% change in assumed salary rate	1,454	1,308	1,208	1,086
Effect of 1% change in assumed attrition rate	1,368	1,391	1,138	1,153

The group is expected to contribute ₹ 876 Lakhs to its defined benefit plans during the next financial year.

Compensated absences:

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at period-end. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to the Statement of Profit and Loss in the period determined.

The key assumptions as provided by an independent actuary, used in the computation of provision for compensated absences are as given below:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Discount Rate	6.65% - 6.76%	7.65%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

The group has made provision for compensated absences based on the actuarial valuation.

31. Segment Reporting:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance.

The Group has identified business segments as its reportable segment. Business segments are primarily cement manufacturing segment and power generation segment. No operating segments have been aggregated in arriving at the reportable segments of the Group. 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

All amounts are in ₹ Lakhs unless otherwise stated

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. Property, plant and equipment is being allocated to reportable segment distinctly identified to power is allocated to power segment and remaining is allocated to cement segment.

Particulars	Manufacturing of cement		Power generation		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	1,17,364	1,21,220	8,701	8,377	1,26,065	1,29,597
Less: Inter-segment revenue	-	-	8,550	7,842	8,550	7,842
Total	**1,17,364**	**1,21,220**	**151**	**535**	**1,17,515**	**1,21,755**
Segment result	11,072	9,051	(145)	(680)	10,927	8,371
Unallocable:						
- Finance Costs					6,099	6,339
- Interest income					(139)	(288)
Profit before taxes					**4,967**	**2,320**
Tax expense					(2,314)	(961)
Profit for the year					2,653	1,359
Segment assets	1,52,738	1,52,305	33,234	13,270	1,85,972	1,65,575
Un-allocable assets					7,903	10,536
Total assets					**1,93,875**	**1,76,111**
Segment liabilities	35,117	32,955	946	1,082	36,063	34,037
Un-allocable liabilities					55,753	57,691
Total liabilities					**91,816**	**91,728**

Revenue from major Customers:

The Group is not reliant on revenues from transactions with any single external customer and did not receive 10% or more of its revenues from transactions with any single customer for the year ended 31st March 2020 and 31st March 2019.

32. Related Party Disclosures:

The list of related parties of the Group is given below:

Name	Relationship
Key managerial personnel (KMP):	
Swaminatha Reddy Onteddu	Chairman of the Board of Directors
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Kolappa Thanu Pillai	Director
Nagesh Reddy	Nominee Director
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Bertrand	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
Relatives of KMP:	
S. Vanajatha	Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
RV Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence
AVH Resources India Private Limited	Enterprise where a director of Sagar Cements Limited is a director

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

Summary of the transactions and balances with the above parties are as follows:

Nature of transaction	Party name	For the year ended 31st March 2020	For the year ended 31st March 2019
Purchase of packing materials	Panchavati Polyfibres Limited	4,777	5,208
Purchase of property, plant and equipment	Sagar Power Limited	-	2,648
	RV Consulting Services Private Limited	733	-
	Total	**733**	**2,648**
Purchase of stores	Sagar Power Limited	-	42
Rent expenses paid	Dr. S. Anand Reddy	39	39
	S. Sreekanth Reddy	39	39
	S. Vanajatha	39	39
	Total	**117**	**117**
Interest expense on loan	Sagar Power Limited	99	76
Services received	Sagarsoft (India) Limited	42	42
	RV Consulting Services Private Limited	499	1,612
	Total	**541**	**1,654**
Reimbursement of expenses received	Sagarsoft (India) Limited	16	17
	RV Consulting Services Private Limited	7	4
	Panchavati Polyfibres Limited	2	-
	Total	**25**	**21**
Repayment against loan taken	Sagar Power Limited	-	100
Receipt of advance given	RV Consulting Services Private Limited	-	60
Received against warrant conversion	RV Consulting Services Private Limited	6,023	2,829
	AVH Resources India Private Limited	4,243	2,829
	Total	**10,266**	**5,658**

Compensation to key managerial personnel:

Nature of transaction	Party Name	For the period ended 31st March 2020	For the year ended 31st March 2019
Short-term benefits	MD, JMD, ED, CS and CFO	664	698
Other benefits	Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	14	108

Outstanding balances:

Nature of the balance	Party Name	As at 31st March 2020	As at 31st March 2019
Advances & deposits given	Sagar Power Limited	1	12
	RV Consulting Services Private Limited	6	-
	Sagarsoft (India) Limited	-	1
	Total	**7**	**13**
Trade payables	Sagarsoft (India) Limited	1	-
	Panchavati Polyfibres Limited	737	415
	Total	**738**	**415**
Interest payable	Sagar Power Limited	11	24
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	88	650
Capital advances	RV Consulting Services Private Limited	4,539	-
Rent payable	Dr. S. Anand Reddy	-	4
	S. Sreekanth Reddy	-	4
	S. Vanajatha	-	4
	Total	**-**	**12**
Outstanding warrants	RV Consulting Services Private Limited (4.00 (2018-19: 15.50) Lakhs warrants)	2,190	8,486
	AVH Resources India Private Limited (7.75 (2018-19: 15.50) Lakhs warrants)	4,243	8,486
	Total	**6,433**	**16,972**

All amounts are in ₹ Lakhs unless otherwise stated

33. Operating Lease

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

Operating lease commitments

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

The group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses incremental borrowing rate.

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

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1st April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April 2019 using the modified retrospective method and has recorded right of use asset equal to lease liability, on the date of initial application. Accordingly, comparatives for the year ended 31st March 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 1,331 and a lease liability of ₹ 408.

Following are the changes in the carrying value of right of use assets for the year ended 31st March 2020

Particulars	For the year ended 31st March 2020
Balance as at 1st April 2019	-
Reclassification on adoption of Ind AS 116	648
Recognition on adoption of Ind AS 116	683
Depreciation	(155)
Closing Balance	**1,176**

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the statement of profit and loss, eligible expenditure relating to Jajpur Cements Private Limited and Satguru Cement Private Limited has transferred to CWIP, as the projects are under implementation.

All amounts are in ₹ Lakhs unless otherwise stated

The following is the movement in lease liabilities during the year ended 31st March 2020

Particulars	For the year ended 31st March 2020
Recognition on adoption of Ind AS 116	408
Finance cost accrued during the year	12
Payment of lease liabilities	(142)
Closing Balance	**278**

The following is the break-up of current and non-current lease liabilities as at 31st March 2020

Particulars	For the year ended 31st March 2020
Non-current lease liabilities	256
Current lease liabilities	22
Total	**278**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2020 on discounted basis

Particulars	For the year ended 31st March 2020
Within one year	22
After one year but not more than five years	191
More than 5 years	65

34. Earnings per Share

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit after tax (₹ in Lakhs)	2,653	1,359
Weighted average number of equity shares outstanding (Refer Note below)	21,471,653	20,400,000
Earnings per share:		
Basic and Diluted (in ₹)	12.36	6.66

Note:

The convertible share warrants allotted by the Company are anti-dilutive in nature.

35. 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 are covered under Schedule VII to the Companies Act, 2013. The group has spent an amount of ₹ 84 (2018–19: ₹ 122) 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 Expenses'.

36. During the previous year, Parent made a preferential allotment of 31,00,000 convertible warrants of ₹ 730 each to promoter and non-promoter entities on 24th January 2019 and received 25% of the consideration of ₹ 5,658 upon allotment of such warrants. The objective of raising funds through preferential allotment was to invest in Satguru Cement Private Limited (SCPL) and Jajpur Cements Private Limited (JCPL) for setting up a green field integrated cement plant of 1 million T per annum capacity along with a provision for Waste Heat Recovery power plant at Indore and for setting up of a cement grinding plant of 1.5 million T per annum at Odisha respectively and for other general corporate purposes.

During the year ended 31st March 2020, the warrant holders opted to convert 18,75,000 warrants to equal number of equity shares and basis of this 75% of the consideration against warrants as converted of ₹ 10,266 was received.

All amounts are in ₹ Lakhs unless otherwise stated

The entire amount was utilised for the purposes for which funds were raised. The consideration of ₹ 2,236 received during the previous year ended 31st March 2019 against the outstanding warrants pending conversion to equity shares as at 31st March 2020 are disclosed under Money received against share warrants under 'Other equity'.

Consequently, Parent acquired 100% equity stake in JCPL on 2nd May 2019 for a consideration of ₹ 450 and subsequently infused ₹ 3,450 as additional equity into JCPL in the current year.

Further, Parent also invested an amount of ₹ 15,000 in SCPL on 8th May 2019, for acquiring 28,97,143 equity shares (face value of ₹ 10 each at a premium of ₹ 507.75) allotted to the Company on preferential basis, which constitutes 65% equity stake in SCPL. Of the said investment, the Company has disbursed ₹ 8,900 and the balance amount of ₹ 6,100 is disclosed as deferred consideration payable.

37. Parent is eligible for reimbursement of sales tax against sales made in the state of Andhra Pradesh and reimbursement of power consumption changes, in respect of expansion of grinding unit at Bayyavaram Unit. Such reimbursements are in the nature of government grants and recognised income aggregating ₹ 1,072 (2018-19: ₹ 473) under 'Other operating income'.

38. Parent and its subsidiary Sagar Cements (R) Limited has transferred its term loans from Yes Bank Limited to Axis Bank Limited, ICICI Bank Limited to HDFC Bank Limited and Yes Bank Limited to Federal Bank Limited for optimisation of interest during the financial year 2019-20. Details are as below:

Previous bank	Present bank	Amount (₹ In Lakhs)
Yes Bank Limited – TL 1	Axis Bank Limited – TL 1	2,591
Yes Bank Limited – TL 2	Axis Bank Limited – TL 2	4,162
Yes Bank Limited – TL 3	Axis Bank Limited – TL 3	1,750
ICICI Bank Limited	HDFC Bank Limited	3,572
Yes Bank Limited	Federal Bank Limited	3,643

Parent and its subsidiary Sagar Cements (R) Limited has also transferred its working capital facilities of ₹ 3,200 Lakhs with Yes Bank Limited to Axis Bank Limited and ₹ 2,500 Lakhs with Yes Bank Limited to Federal Bank Limited for optimisation of interest rate.

39. 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	
				As at 31st March 2020	As at 31st March 2019
Sagar Cements (R) Limited	Subsidiary	India	Sagar Cements Limited	100%	100%
Jajpur Cements Private Limited	Subsidiary	India	Sagar Cements Limited	100%	-
Satguru Cement Private Limited	Subsidiary	India	Sagar Cements Limited	65%	-

40. Goodwill arising on acquisition of Satguru Cement Private Limited and Jajpur Cements Private Limited

All amounts are in ₹ Lakhs unless otherwise stated

On 8th May 2019, Sagar Cements Limited acquired 65% stake in Satguru Cement Private Limited by way of subscribing to 289 Lakhs equity shares allotted on preferential basis. The total cost of acquisition was ₹ 15,000. The purchase price has been allocated based on management's estimates and independent appraisal of fair values. The goodwill has been determined as follows:

Particulars	Amount (₹)	Amount (₹)
Consideration paid		15,000
Assets		
Non-current	20,263	
Current	1,615	
	21,878	
Liabilities		
Non-current	235	
Current	1,456	
	1,691	
Less: Net assets of Satguru Cement Private Limited as on 8th May 2019		20,187
Less: Non-controlling interest as on 8th May 2019		5,411
Goodwill on Consolidation		**224**

On 2nd May 2019, Sagar Cements Limited acquired 100% stake in Jajpur Cements Private Limited. The total cost of acquisition was ₹ 450. The goodwill has been determined as follows:

Particulars	Amount (₹)	Amount (₹)
Consideration paid		450
Assets		
Non-current	818	
Current	355	
	1,173	
Liabilities		
Non-current	46	
Current	742	
	788	
Less: Net assets of Jajpur Cements Private Limited as on 2nd May 2019		385
Goodwill on Consolidation		**65**

41. Disclosure of 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:

As at and for the year ended 31st March 2020:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	107%	1,03,251	130%	3,473	108%	(42)	130%	3,431
Sagar Cements (R) Limited (Subsidiary)	6%	5,710	(19)%	(501)	(8)%	3	(19)%	(498)
Satguru Cement Private Limited (Subsidiary)	16%	15,409	(0)%	(11)	-	-	(0)%	(11)
Jajpur Cement Private Limited (Subsidiary)	4%	4,031	(2)%	(57)	-	-	(2)%	(57)
Adjustments arising out of consolidation	(27)%	(26,342)	(8)%	(215)	-	-	(8)%	(215)
Non-controlling interests	(6)%	(5,393)	(1)%	(18)	-	-	(1)%	(18)
Total	**100%**	**96,666**	**100%**	**2,671**	**100%**	**(39)**	**100%**	**2,632**

All amounts are in ₹ Lakhs unless otherwise stated

As at and for the year ended 31st March 2019:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	107%	90,169	196%	2,662	89%	(165)	213%	2,497
Sagar Cements (R) Limited (Subsidiary)	7%	6,208	(84)%	(1,139)	11%	(21)	(99)%	(1,160)
Adjustments arising out of consolidation	(14)%	(11,994)	(12)%	(164)	-	-	(14)%	(164)
Total	**100%**	**84,383**	**100%**	**1,359**	**100%**	**(186)**	**100%**	**1,173**

42. Reconciliation of revenue as per contract price and recognised in Statement of Profit and Loss:

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Revenue as per Contract price	1,32,730	1,31,920
Less: Discounts and incentives	(16,889)	(11,427)
Revenue as per statement of profit and loss	1,15,841	1,20,493

- The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.
- The Company does not provides performance warranty for products, therefore there is no liability towards performance warranty.
- The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

43. For the financial year 2018-19, the Board of Directors had recommended a dividend of ₹ 2.50 per equity share of ₹ 10 each, the said amount was paid during the year.

44. These consolidated financial statements were approved by the Company's Board of Directors on 29th May 2020.

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Notice

SAGAR CEMENTS LIMITED

(CIN : L26942TG1981PLC002887)

Notice is hereby given that the 39th Annual General Meeting of the Members of Sagar Cements Limited will be held on Wednesday, the 9th September 2020 at 3.00 p.m. through Video Conference ("VC")/Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited stand-alone and consolidated Financial Statements of the Company for the financial year ended 31st March 2020 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution as an ordinary resolution.

   "Resolved that the audited stand-alone Financial Statements of the Company for the year ended 31st March 2020 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 2020 together with the report of the auditors thereon be and are hereby received, considered, approved and adopted.

2. To declare dividend @ ₹ 2.50 per share (25%) on the equity shares of the company for the financial year ended 31st March 2020 and in this regard to pass the following resolution as an ordinary resolution.

   "Resolved that a dividend of ₹ 2.50 per share (25%) on the 2,35,00,000 equity shares of ₹ 10/- each of the company be and is hereby declared for the Financial Year ended 31st March 2020.

3. To re-appoint the retiring director, 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 re-appoint the retiring director, Shri. John-Eric 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 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. Re-appointment of Auditors

   To consider and, if thought fit, to pass 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 re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No.008072S), as auditors of the Company for a second consecutive term to hold office from the conclusion of this Annual General Meeting till the conclusion of the 44th Annual General Meeting of the Company to be held in the year 2025, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the said Auditors."

SPECIAL BUSINESS

6. To approve the appointment of Mrs. Onteddu Rekha as an Independent Director and in this regard to pass, the following resolution as an Ordinary Resolution.

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Onteddu Rekha (DIN: 07938776), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director, not liable to retire by rotation and to hold the said office for a term of five years with effect from 30th June 2020."

7. Ratification of remuneration payable to the Cost Auditors

   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 approval accorded by the Board of Directors of the company for payment of remuneration of ₹ 5,00,000/- plus 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 31st March 2021 be and is hereby ratified."

By Order of the Board of Directors

R. Soundararajan
Company Secretary
M.No.F4182

Hyderabad
29th July 2020

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

Notes:

1. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May 2020 read with circulars dated 8th April 2020 and 13th April 2020 (collectively referred to as "MCA Circulars") permitted holding of the Annual General Meeting of companies through Video Conferencing/Other Audio Visual Means ("VC/OAVM"), without physical presence of the Members at a common venue.

2. In compliance with applicable provisions of the Companies Act, 2013 ("the Act") read with the MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 39th Annual General Meeting of the Company is being conducted through Video Conferencing ("VC") (hereinafter referred to as "AGM' or "e-AGM"). In accordance with the Secretarial Standard -2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/ Clarification dated 15th April 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the e-AGM.

3. The Company has appointed M/s. KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.

4. Pursuant to the provisions of the Act, normally, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

5. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the special business under Item No's. 6 and 7 of the accompanying Notice, is given in the annexure-1. The Board of Directors of the Company at its meeting held on 29th July 2020 considered all the businesses mentioned in the notice of the AGM as being unavoidable, and needed to be transacted at the 39th AGM of the Company.

6. The relevant details required to be given under Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of directors seeking appointment/ re-appointment at this AGM are given in the Annexure-2.

7. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send electronically a scanned copy (PDF/JPG Format) of their Board or governing body Resolution/ Authorisation etc., authorising its representative to attend the e-AGM on its behalf and to vote either through remote e-voting or during the e-AGM through their registered email address to the Scrutiniser at bssass99@gmail.com with a copy marked to evoting@kfintech.com and company's email id at info@sagarcements.in.

8. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) is KFin Technologies Private Limited having office at Selenium Tower B, Plot number 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500032.

9. **Attendance at the e-AGM:** Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at https://evoting.karvy.com by clicking "e-AGM - Video Conference & Streaming" and access the shareholders'/ members' login by using the remote e-voting credentials which shall be provided as per Note No. 20 below. Kindly refer to note no. 19 below for detailed instructions for participating in the e-AGM through Video Conferencing.

10. The Members can join the e-AGM 15 minutes before the meeting or within 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.

11. As per the MCA Circular up to 1000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

12. A member's log-in to the Video Conferencing platform using the remote e-voting credentials shall be considered for record of attendance of such member for the e-AGM and such member attending the meeting will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

13. Remote e-Voting: Pursuant to the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Transfer Agent KFin Technologies Private Limited. Kindly refer Note no.20 below for detailed instruction for remote-voting.

14. **Voting during the AGM:** Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting, may cast their vote during the e-AGM through the e-voting system provided by KFin Technologies Private Limited in the Video Conferencing platform during the e-AGM. Kindly refer Note no. 21 below for instruction for e-voting during the AGM.

15. The Company has fixed 2nd September 2020 as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.

16. The Register of Members and Transfer Book of the Company will be closed from 3rd September 2020 to 9th September 2020 (both days inclusive).

17. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May 2020, Notice of the e-AGM along with the Annual Report for the financial year ended on 31st March 2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at www.sagarcements.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and The National Stock Exchange of India Limited at www.nseindia.com. The same is also available on the website of KFin Technologies Private Limited at the website address https://evoting.karvy.com/.

18. **Procedure for registering the email addresses and obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the Depositories (in case of shareholders holding shares in Demat form) or with RTA (in case the shareholders holding shares in physical form).**

    i. Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:

        a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.

        b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited by sending an e-mail request at the email ID **einward.ris@kfintech.com** along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, AGM Notice and the e-voting instructions.

    ii. Those members who have not registered their email and in consequence the Annual Report, Notice of e-AGM and e-voting notice could not be served, may temporarily get their email address and mobile number provided with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited by clicking the link: https:// karisma.kfintech.com/emailreg for sending the same. Shareholders are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the Annual Report, Notice of e-AGM and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to einward.ris@kfintech.com.

    iii. Those members who have registered their e-mail address, mobile no., postal address and bank account details are requested to validate/ update their registered details by contacting the Depository Participant in case of shares held in electronic form or by contacting KFin Technologies Private Limited, the Registrar and Share Transfer Agent of the Company, in case of shares held in physical form.

19. **Instructions to the Members for attending the e-AGM through Video Conference.**

    i. For attending the e-AGM: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at https://emeetings.kfintech.com by clicking 'e-AGM Video Conference and Streaming' and login by using the remote e-voting credentials. The link for e-AGM will be available in 'shareholders'/members' login where the EVENT and the Name of the Company can be selected.

    ii. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in remote e-Voting in Note No. 20 below.

iii. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

iv. Further, Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.

v. Please note that participants using Mobile Devices or Tablets or Laptops or accessing the internet via "Mobile Hotspot" may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

vi. **Submission of Questions/queries prior to e-AGM:**

a) Members desiring any additional information with regard to Accounts/ Annual Reports or has any question or query are requested to write to the Company Secretary on the Company's investor email-id i.e., soundar@sagarcements.in or info@ sagarcements.in atleast 2 days before the date of the e-AGM so as to enable the Management to keep the information ready. Please note that, members' questions will be answered only if they continue to hold the shares as of cut-off date.

b) Alternatively, shareholders holding shares as on cut-off date may also visit https:// evoting.karvy.com and click on the tab "Post Your Queries Here" to post their queries/ views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID, mobile number. The window shall be activated during the remote e-voting period and shall be closed 24 hours before the time fixed for the e-AGM.

vii. **Speaker Registration before e-AGM:** In addition to above, speaker registration may also be allowed during the remote e-voting period. Shareholder who wish to register as speakers are requested to visit https://emeetings.kfintech. com/ and click on 'Speaker Registration' during this period. Shareholders shall be provided with a 'queue number' before the e-AGM. Shareholders are requested to remember the same and wait for their turn to be called by the Chairman of the meeting during the Question Answer Session. Due to limitations of transmission and coordination during the e-AGM, the Company may have to dispense with or curtail the Speaker Session, hence shareholders are encouraged to send their questions etc. in advance as provided in note no. 19(vi) above.

vii. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to soundar@sagarcements.in or info@sagarcements.in.

20. **Instructions for members for remote e-Voting:**

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote remotely on all resolutions set-forth in this notice through remote e-voting platform provided by KFin Technologies Private Limited **('remote e-voting')**. Members attending the e-AGM who have not already cast their vote by remote e-Voting shall be able to cast their vote electronically during the meeting (e-voting) when window for e-voting is activated upon instructions of the Chairman.

i. The remote e-voting facility will be available during the following period:

a. Day, date and time of commencement of remote e-voting: 5th September 2020 (9.00 A.M. IST).

b. Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: 8th September 2020 at 5:00 P.M.

ii. Details of Website: https://evoting.karvy.com.

iii. The voting rights of the Members holding shares in physical form or in dematerialised form, in respect of e-voting shall be reckoned in proportion to their share in the paid-up equity share capital as on the cut-off date being Wednesday, the 2nd September 2020. A person who is not a Member as on the cut-off date should treat Notice of this Meeting for information purposes only.

iv. The Company is sending through email, the AGM Notice and the Annual Report to the shareholders whose name is recorded as on 31st July 2020 in the Register of Members or in the Register of Beneficial Owners maintained by the depositories. Any person who acquires Shares of the Company and becomes Member of the Company after 31st July 2020 being the date reckoned for sending through email, the AGM Notice & Annual Report and who holds shares as on the cut-off date i.e. Wednesday, the

2nd September 2020, may obtain the User Id and password in the manner as mentioned below:

a) If the mobile number of the Member is registered against Folio No./ DPID Client ID, the Member may send SMS:

MYEPWD <space> 'e-Voting Event Number'
+Folio number or DPID Client ID to
+91-9212993399
Example for NSDL:
MYEPWD<SPACE>IN12345612345678
Example for CDSL:
MYEPWD<SPACE>1402345612345678
Example for Physical: MYEPWD<SPACE>
XXXX1234567890

b) If e-mail address or mobile number of the Member is registered against Folio No./ DPID Client ID, then on the home page of https://evoting.karvy.com, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

c) Member may call KFin's Toll free number 1-800-3454-001.

Member may send an e-mail request to evoting@kfintech.com.

v. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by KFin Technologies Private Limited upon expiry of aforesaid period.

vi. Details of persons to be contacted for issues relating to e-voting:

Mr. K.Raj Kumar, Senior Manager, - Corporate Registry, KFin Technologies Private Limited, Unit: Sagar Cements Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Contact No. 040 6716 2222, Toll Free No.: 18003454001.

vii. Details of Scrutiniser: B S S & Associates, Practicing Company Secretaries (Unique Code of Partnership Firm: P2012AP02600) has been appointed as the Scrutinisers to scrutinise the e-voting process in a fair and transparent manner.

viii. The procedure and instructions for remote e-Voting facility are as follows:

a. Open your web browser during the remote e-voting period and navigate to 'https://evoting.karvy.com'.

b. Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No. or DP ID /Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your vote.

c. After entering these details appropriately, click on "LOGIN".

d. You will now reach password change menu wherein you are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like *, #, @, 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.

e. You need to login again with the new credentials.

f. On successful login, the system will prompt you to select the E- Voting Event Number for Sagar Cements Limited.

g. If you are holding shares in Demat form and had logged on to https:// evoting.karvy.com and cast your vote earlier for any other Company, then your existing login id and password are to be used.

h. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. Wednesday, the 2nd September 2020 under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut- off date.

i. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

j. Members holding multiple folios/ demat accounts shall choose the voting process separately for each of the folios/ demat accounts.

k. 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.

l. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote.

m. During the voting period, Members can login any number of times till they cast their vote on the Resolution(s).

n. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, 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 Scrutiniser at e-mail ID: bssass99@gmail.com with a copy to evoting@kfintech.com. They may also upload the same in the e-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_ EVENT NO."

o. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual for Members available at the download section of https://evoting.karvy.com or contact Mr. K. Raj Kumar, Senior Manager of KFin Technologies Private Limited at 040 6716 2222 or at 1800-3454-001 (toll free).

p. The Scrutiniser's decision on the validity of the vote shall be final.

q. Once the vote on a resolution stated in this notice is cast by Member through remote e-voting, the Member shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the e-AGM, however such Member shall not be allowed to vote again during the e-AGM.

r. The Scrutiniser after scrutinising the votes cast by remote e-voting and e-voting during the e-AGM will make a consolidated Scrutiniser's Report and submit the same forthwith not later than 48 hours of conclusion of the e-AGM to the Chairman of the Company/meeting or a person authorised by him in writing, who shall countersign the same.

s. The Results declared along with the consolidated Scrutiniser's Report shall be hosted on the website of the Company i.e. www.sagarcements.in and on the website of KFin Technologies Private Limited i.e. https://evoting.karvy.com. The results shall simultaneously be communicated to BSE Limited and National Stock Exchange of India Limited. The result shall also be displayed on the Notice Board at the Registered Office of the Company.

t. The Resolutions shall be deemed to be passed at the registered office of the Company on the date of the e-AGM, subject to receipt of the requisite number of votes in favour of the Resolutions.

21. **Instructions for members for Voting during the e-AGM session**

i. The e-voting window shall be activated upon instructions of the Chairman of the meeting during the e-AGM.

ii. The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the cut-off date, who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

iii. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same. The shareholders shall be guided on the process during the e-AGM.

iv. Members/shareholders, attending the e-AGM through Video Conference and who have not cast their vote on resolutions through Remote e-Voting shall be eligible to cast their vote through e-voting system available during the e-AGM.

v. Members who have voted through Remote e-Voting will be eligible to attend the e-AGM; however, they shall not be allowed to cast their vote again during the e-AGM.

GENERAL INSTRUCTIONS AND INFORMATION FOR SHAREHOLDERS

22. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH. 13 duly filled in to M/s KFin Technologies Private Limited on einward.ris@kfintech.com. Members holding shares in demat form may contact their Depository Participant for availing this facility.

23. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 01st April 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ KFin (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to soundar@sagarcements.in or info@sagarcements.

in by 5.00.p.m IST on 8th September 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to the RTA/Company. The aforesaid declarations and documents need to be submitted by the shareholders by 5.00.p.m IST on 8th September 2020.

24. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

25. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, 01st April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited for assistance in this regard.

26. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

27. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the e- AGM.

28. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to KFin Technologies Private limited.

29. The Company has fixed 2nd September 2020 as the 'Record Date' for determining entitlement of members to dividend for the financial year ended 31st March 2020, if approved at the AGM.

30. The dividend/s, if any, approved by the Members or declared by the Board of Directors of the Company from time to time, will be paid as per the mandate registered with the Company or with their respective Depository Participants.

31. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such Member, at the earliest once the normalcy is restored.

32. If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source, will be made within 30 days from the date of AGM, as under:

    i. To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on 2nd September 2020.

    ii. To all Members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the Company as of the close of business hours on 2nd September 2020.

33. 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 unclaimed in respect of these years are available in the Company's website www.sagarcements.in.

Year	Nature of Dividend	Rate of Dividend
2012-13	Final	10% (₹ 1/- per share)
2014-15	Interim	50% (₹ 5/- per share)
2014-15	Final	25% (₹ 2.50 per share)
2015-16	Interim	50% (₹ 5/- per share)
2016-17	Final	15% (₹ 1.50 per share)
2017-18	Interim	25% (₹ 2.50 per share)
2017-18	Final	15% (₹ 1.50 per share)
2018-19	Final	25% (₹ 2.50 per share)

34. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May 2020, Notice of the AGM along with the Annual Report 2019-2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-2020 are also available on the Company's website www.sagarcements.in, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and The National Stock Exchange of India Limited at www.nseindia.com and on the website of e-voting agency KFin Technologies Private Limited at https://evoting.karvy.com/

35. Members may note that the Annual Report for the year 2019-2020 is also available on the Company's website www.sagarcements.in for their download.

36. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of Listing Regulations read with MCA Circulars and SEBI Circular, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 39th AGM and facility for those Members participating in the AGM to cast vote through e-Voting system during the AGM.

37. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.

38. During the 39th AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the e-AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the AGM.

39. The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company at www.sagarcements..in and on the website of KFin Technologies Private Limited immediately after the declaration of Results by the Chairman or a person authorised by him. The results shall also be immediately forwarded to the BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai.

40. Since the AGM will be held through VC/OAVM, the Route Map, proxy form and attendance slip are not annexed in this Notice.

By Order of the Board of Directors

R. Soundararajan
Company Secretary
M.No.F4182

Hyderabad
29th July 2020

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

Annexure to the Notice of the 39th 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 No's. 5 to 7 of the accompanying Notice dated 29th July 2020.

On Item No. 5

In accordance with the provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Deloitte Haskins & Sells, Chartered Accountants were appointed as the Statutory Auditors for five consecutive years in the 34th AGM held on 23rd September 2015 and they will be completing their current term at this AGM. In accordance with Section 139(2) of the Act, they are eligible for re-appointment for a second term of 5 consecutive years.

Accordingly, an ordinary resolution as set out in Item No. 5 for reappointment of auditors is submitted for approval of the shareholders.

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

Your directors recommend the resolution for approval of the shareholders.

The above explanatory statement is provided, though strictly it may not be required as per Section 102 of the Act.

On Item No. 6

In terms of Section 149, 150, 152 read with Schedule IV of the Companies Act, 2013 ('the Act') and other applicable provisions of the said Act and under applicable Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations") or any amendment thereto or modification thereof, based on the recommendations made by the Nomination and Remuneration Committee and subject to the approval of the shareholders, the Board of Directors has appointed Mrs. O. Rekha as an Independent Director for a term of 5 years with effect from 30th June 2020.

In terms of Section 149(10) of the Companies Act, 2013 approval of the Members by way of Ordinary Resolution is sought for the said appointment.

The Company has received from the above director (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 ('Appointment Rules'), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that she is not disqualified under Sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that she meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Act and as per the SEBI Listing Regulations. The Company has received a notice under Section 160 of the Act proposing her appointment as Independent Directors of the Company.

In the opinion of your Board, the above said Director fulfills the conditions specified in the Act, the Rules made there under and in the Listing Regulations for her appointment as an Independent Directors and she is independent of the management of the Company.

A brief profile of Mrs. O. Rekha is given in Annexure 2, forming part of the Notice. Keeping in view her expertise and knowledge, it would be in the interest of the company, to approve her appointment as an independent director.

Accordingly, the approval of the shareholders is being sought for the above appointment as contemplated in Clause IV of the Schedule IV to the Companies Act, 2013.

Except Mrs. O. Rekha, who may be deemed to be interested in the resolution No.6 as the resolution relates to her appointment, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of the Notice.

Copy of the letter containing the terms and conditions of the appointment of Mrs. O. Rekha shall be open for inspection by the Members at free of cost on the Company's website www.sagarcements.in.

Your directors recommend the resolution for approval of the shareholders.

On Item No. 7

The Board, on the recommendation of its Audit Committee, has approved the appointment of M/s. Narasimha Murthy & Co., Cost Accountants as the Cost Auditors for the Financial Year 2020-21 and payment of remuneration to the said Cost Auditors as mentioned 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, an Ordinary Resolution as set out at Item No. 7 of the Notice containing the remuneration approved for Cost Auditors is submitted for ratification by the members.

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

Your directors recommend the resolution for approval of the shareholders.

By Order of the Board of Directors

R. Soundararajan
Company Secretary
M.No.F4182

Hyderabad
29th July 2020

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

Annexure 2

(Pursuant to Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015) and Secretarial Standard-2)

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

Name of the Director	Dr. S. Anand Reddy	Shri. John-Eric Bertrand	O. Rekha
DIN	00123870	06391176	07938776
Date of birth	10th June 1964	16th November 1977	20th July 1959
Qualification	M.B.B.S.	University of Louvain (UCL) Master in International Management Community of European Management Schools (CEMS) Master in Business Administration (MBA), INSEAD	B.Com. (Hons.), MBA ACA
Experience in specific functional areas	Corporate Executive	Investment Manager	Finance
Date of first appointment on the Board	21st November 2007	17th October 2012	30th June 2020
Nature of Appointment	Retires by rotation and offers himself for re-appointed.	Retires by rotation and offers himself for re-appointed.	Appointment as an Independent Director for a term of 5 years with effect from 30th June 2020
Terms and Conditions of Reappointment	Appointment as a director subject to retirement by rotation under Sec.152 of the Companies Act, 2013	Appointment as a director subject to retirement by rotation under Sec.152 of the Companies Act, 2013	As an Independent Director of the Company, to hold office for a period of 5 years with effect from 30th June 2020 subject to other terms and conditions as are applicable to other independent directors
Directorships in other Listed Companies	Sagar Cements (R) Ltd.	Nil	Nil
Membership of Audit/ Shareholders/Investors Grievances Committees of other Public Limited Companies	Sagar Cements Ltd., Member, Stakeholders' Relationship Committee	Nil	Nil
No. of shares held in Sagar Cements Ltd.	13,06,524	Nil	Nil
Number of Board Meetings attended	3	2	-
Details of Remuneration last drawn	An amount of ₹ 3,00,00,000/- was paid towards remuneration as whole-time director during the financial year 2019-2020.	An aggregate Sitting Fee of ₹ 40,000/- was paid for attending the meetings of the Board during the financial year 2019-2020.	NIl
Inter-se relationship with other Directors of the Company	Related to Shri. S. Sreekanth Reddy, Joint Managing Director and Smt. S. Rachana, Director	None	NIl

By Order of the Board of Directors

R. Soundararajan
Company Secretary
M.No.F4182

Hyderabad
29th July 2020

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

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

Ref: Folio / DP Id & Client Id No:
Name of the Member :
No. of shares held :

Dear Member(s),

Corrigendum to the Notice of the 39th Annual General Meeting

Sagar Cements Limited (SCL) had issued Notice dated 29th July, 2020 ("AGM Notice") for convening the 39th Annual General Meeting ("AGM") of the Shareholders of the Company, scheduled to be held on Wednesday, the 9th September, 2020. This AGM Notice has already been circulated to all the shareholders of the Company in due compliance with the provisions of the Companies Act, 2013, read with the Rules made thereunder and other applicable regulations.

Subsequent to issuance and circulation of the AGM Notice, we have found that in the Explanatory Statement pertaining to re-appointment of Statutory Auditors certain further disclosures need to be made to comply with Regulation 36 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the entire said disclosure already made in the Explanatory Statement on the appointment of Statutory Auditors, is being substituted with the following one.

This corrigendum to the AGM Notice shall form an integral part of AGM Notice dated 29th July, 2020 already circulated to the Shareholders of the Company. Accordingly, all the Shareholders concerned, Stock Exchanges, Depositories, Registrar and Share Transfer Agent, agencies appointed for conducting e-voting, other authorities, regulators and all other persons concerned are requested to take note of this change.

This corrigendum will be available on the website of the company (www.sagarcements.in) besides being communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the company are listed.

We regret the error and the consequent inconvenience caused.

For Sagar Cements Limited

Place : Hyderabad
Date : 9th August 2020

R. Soundararajan
Company Secretary

CORRIGENDUM

The Note in the Explanatory Statement on the item No.5 of the Notice of the 39th Annual General Meeting of the Company dated 29th July 2020 on the re-appointment of Auditors is substituted with the following:

On Item No.5

The Members of the Company at the 34th Annual General Meeting ('AGM') held on 23rd September, 2015 approved the appointment of Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), as the Auditors of the Company for a period of five years from the conclusion of the said AGM. Accordingly, DHS will complete their present term of 5 years on conclusion of the 39th AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), which had considered, inter-alia, DHS's market standing, clientele served by it, technical knowledge, the service rendered by it in its current tenure, recommended for the approval of the Members, the re-appointment of DHS as the Auditors of the Company for a second term of five years from the conclusion of this 39th AGM up to the conclusion of the 44th AGM. DHS has accorded their consent and confirmed their eligibility for the said re-appointment.

On the recommendation of the Audit Committee, the Board recommends for the approval of the Members the remuneration payable to DHS for the financial year 2020-21 as set out below:

(Amount in INR in Lakhs)

S. No.	Particulars	FY 2020-21
1	Statutory Audit	24.00
2	Limited Review (3 quarters)	7.00
3	Corporate Governance	2.00
4	IFC Reporting	4.00
	Total	**37.00**

The remuneration payable to the Auditors for the remaining tenure of the proposed re-appointment will be subsequently determined by the Board as per the recommendations, if any, to be made by the Audit Committee for the years concerned.

DHS is a member firm of Deloitte Touché Tohmatsu Limited (DTTL), a UK private company limited by guarantee. DTTL and each of its member firms are legally separate and independent entities. DHS and its affiliates are a network of Firms registered with the ICAI. DHS and its affiliate firms in India (collectively referred to as 'Deloitte India') leverage global tools, technology, and best practices of Deloitte.

DHS is well-represented in committees set up by regulators such as the Institute of Chartered Accountants of India (ICAI), Securities Exchange Board of India (SEBI), National Advisory Committee on Accounting Standards (NACAS), Ministry of Corporate Affairs (MCA), Reserve Bank of India (RBI), International Auditing and Assurance Standards Board (IAASB), other regulators and trade associations.

This disclosure is made pursuant to Regulation 36(5) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

Your Directors recommend the resolution for approval of the Shareholders.

Notes

Notes

Corporate information

BOARD OF DIRECTORS

Shri. O. Swaminatha Reddy*
Chairman – Independent
(upto 24th June 2020)

Shri. K. Thanu Pillai
Independent Director
Chairman (w.e.f 29th July 2020)

Dr. S. Anand Reddy
Managing Director

Shri S. Sreekanth Reddy
Joint Managing Director

Smt. S. Rachana
Non-Executive Director

Shri. V. H. Ramakrishnan
Independent Director

Shri. John-Eric Bertrand
Non-Executive Director

Shri. T. Nagesh Reddy
APIDC Nominee Director

Shri. Jens Van Nieuwenborgh
Alternate Director to Shri John-Eric Bertrand

COMPANY SECRETARY

Shri. R. Soundararajan

CHIEF FINANCIAL OFFICER

Shri. K. Prasad

SENIOR MANAGEMENT TEAM

Corporate Office:

Shri. K. Ganesh
Group President

Shri. Rajesh Singh
Chief Marketing Officer

Shri. O. Anji Reddy
Sr. Vice President (Electrical & Instrumentation)

Shri. D.S.N.V. Prasad
Sr. Vice President (Works)

Shri. E. P. Ranga Reddy
Asst. Vice President (Works)

Shri. K. Srinivasa Rao
Sr. General Manager (Works)

AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants (FR NO. 008072S)
KRB Towers, Plot No. 1 to 4 & 4A, 2nd & 3rd Floor
Jubilee Enclave, Madhapur, Hyderabad-500 081

COST AUDITORS

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

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

L26942TG1981PLC0028874

BANKERS

SBI
YES BANK
AXIS BANK
HDFC BANK

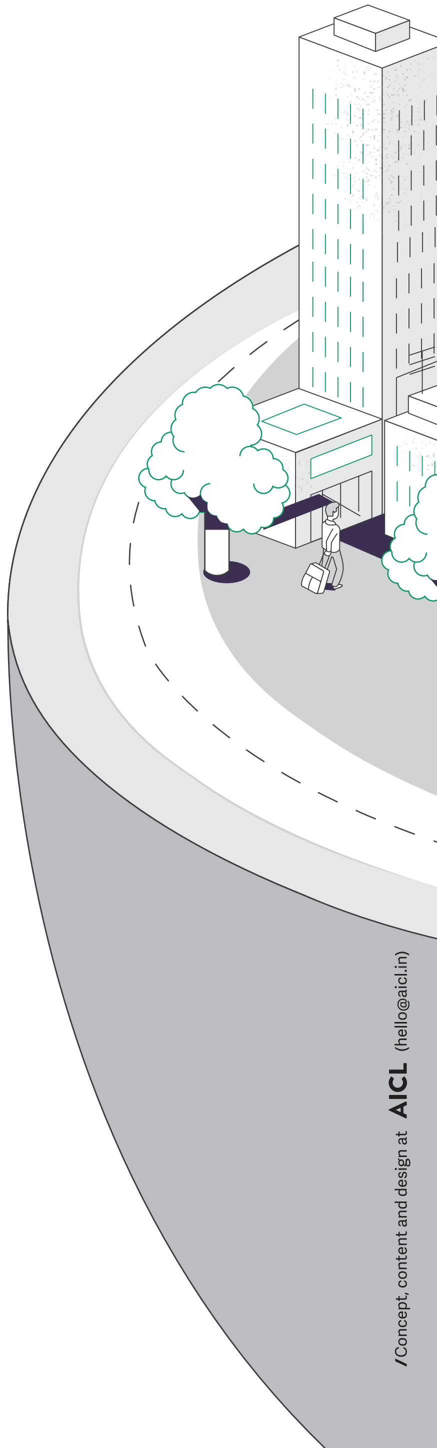
PLANTS

Cement Plants:

1. Mattampally, Via Huzurnagar
   Suryapet District, Telangana-508 204
   Tel: 08683 – 247039
2. Gudipadu, Gudipadu Village and Post
   Yadaki Mandal, Ananthapur District,
   Andhra Pradesh-515408
   Tel: 08558 – 200272
3. Bayyavaram Village, Kasimkota Mandal
   Visakhapatnam District, Andhra Pradesh-531031
   Tel: 08924 – 244098 / 244550

Hydel Power Units:

1. **Guntur Branch Canal Hydel Project**
   Tsallagundla Adda Road, Nekarikallu Mandal
   Guntur District, Andhra Pradesh-522 615
2. **Lock-in-Sula Hydel Project**
   Banumukkala Village, Banakacherla Regulator
   Pamulapadu Mandal, Kurnool District, A.P.-518 422



SAGAR CEMENT

Sagar Cements Limited

Registered and Administrative Office
Plot No. 111, Road No. 10
Jubilee Hills, Hyderabad - 500 033
Phone : +91 40 23351571
Fax: +91 40 23356573
www.sagarcements.in

Concept, content and design at AICL (hello@aicl.in)