

# 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 31<sup>st</sup> 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 31<sup>st</sup> 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
<b>Revenue recognition – Price Discounts</b> <b>(Refer Note 42 of the Standalone financial statements)</b> <ul style="list-style-type: none"> <li>Revenue is measured net of discounts earned by customers on the Company's sales.</li> <li>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.</li> <li>Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price discounts.</li> <li>Given the complexity involved in the assessment of price discounts and their periodic recognition against sales, the same is considered as key audit matter.</li> </ul>	<b>Principal audit procedures performed:</b> <ul style="list-style-type: none"> <li>Assessed the appropriateness of the Company's accounting policies relating to Price discounts by comparing with applicable accounting standards.</li> <li>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.</li> <li>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.</li> <li>Compared the historical trend of price discounts to sales made to determine the appropriateness of current year's discount charge.</li> </ul>

#### 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 31<sup>st</sup> March 2020 taken on record by the Board of Directors,

none of the directors is disqualified as on 31<sup>st</sup> 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: 29<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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: 29<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2020 on account of disputes.

have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(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.

(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:

(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.

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.

(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.

(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.

(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.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

(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

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)  
**Ganesh Balakrishnan**  
(Partner)  
(Membership No. 201193)  
(UDIN: 20201193AAAACE3245)

Place: Hyderabad  
Date: 29<sup>th</sup> May 2020

# Balance sheet

as on 31<sup>st</sup> March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
(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
<b>Total Non-current assets (1)</b>		<b>1,35,675</b>	<b>1,16,866</b>
<b>Current assets</b>			
(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
<b>Total Current assets (2)</b>		<b>31,939</b>	<b>33,342</b>
<b>TOTAL ASSETS (1+2)</b>		<b>1,67,614</b>	<b>1,50,208</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13	2,228	2,040
(b) Other equity	14	1,01,023	88,129
<b>Total Equity (1)</b>		<b>1,03,251</b>	<b>90,169</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(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
<b>Total Non-current liabilities (2)</b>		<b>25,736</b>	<b>23,188</b>
<b>Current liabilities</b>			
(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
<b>Total Current liabilities (3)</b>		<b>38,627</b>	<b>36,851</b>
<b>Total Liabilities (4=2+3)</b>		<b>64,363</b>	<b>60,039</b>
<b>TOTAL EQUITY AND LIABILITIES (1+4)</b>		<b>1,67,614</b>	<b>1,50,208</b>
<b>Corporate information and significant accounting policies</b>	1		
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place: Hyderabad  
Date: 29<sup>th</sup> 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: 29<sup>th</sup> May 2020



# Statement of profit and loss

for the year ended 31<sup>st</sup> March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
I Revenue from operations	19	84,758	90,201
II Other income	20	1,632	1,506
<b>III Total Income (I + II)</b>		<b>86,390</b>	<b>91,707</b>
<b>IV Expenses</b>			
(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
<b>Total Expenses</b>		<b>81,767</b>	<b>88,000</b>
<b>V Profit before tax (III - IV)</b>		<b>4,623</b>	<b>3,707</b>
<b>VI Tax expense</b>			
(a) Current tax	27	850	874
(b) Deferred tax	27	300	171
<b>Total Tax expense</b>		<b>1,150</b>	<b>1,045</b>
<b>VII Profit after tax (V - VI)</b>		<b>3,473</b>	<b>2,662</b>
<b>VIII Other comprehensive income</b>			
(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
<b>Other comprehensive income for the year, net of tax</b>		<b>(42)</b>	<b>(165)</b>
<b>IX Total comprehensive income (VII + VIII)</b>		<b>3,431</b>	<b>2,497</b>
<b>X Earnings per share (Face value of ₹ 10 each)</b>			
Basic and Diluted	37	16.17	13.05
<b>Corporate information and significant accounting policies</b>	1		
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place: Hyderabad  
Date: 29<sup>th</sup> May 2020

For and on behalf of the Board of Directors

**Dr. S. Anand Reddy**  
Managing Director

**R. Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: 29<sup>th</sup> May 2020

**S. Sreekanth Reddy**  
Joint Managing Director

**K. Prasad**  
Chief Financial Officer

# Statement of changes in equity

for the year ended 31<sup>st</sup> March 2020

All amounts are in ₹ Lakhs unless otherwise stated

## A. Equity share capital

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

## 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 31 <sup>st</sup> 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
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>35</b>	<b>32,007</b>	<b>3,598</b>	<b>46,981</b>	<b>(150)</b>	<b>5,658</b>	<b>88,129</b>
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)	-
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>35</b>	<b>45,507</b>	<b>3,598</b>	<b>49,839</b>	<b>(192)</b>	<b>2,236</b>	<b>1,01,023</b>

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: 29<sup>th</sup> May 2020

For and on behalf of the Board of Directors

**Dr. S. Anand Reddy**  
Managing Director

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Joint Managing Director

**R. Soundararajan**  
Company Secretary

**K. Prasad**  
Chief Financial Officer

Place: Hyderabad  
Date: 29<sup>th</sup> May 2020

# Statement of cash flows

for the year ended 31<sup>st</sup> March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>A Cash flow from operating activities</b>		
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
<b>Operating profit before working capital changes</b>	<b>11,232</b>	<b>9,690</b>
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
<b>Cash generated from operating activities</b>	<b>14,475</b>	<b>9,305</b>
Less: Income tax paid	(1,004)	(363)
<b>Net cash generated from operating activities</b>	<b>13,471</b>	<b>8,942</b>
<b>B Cash flow from investing activities</b>		
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
<b>Net cash used in investing activities</b>	<b>(18,857)</b>	<b>(16,054)</b>
<b>C Cash flow from financing activities</b>		
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 31<sup>st</sup> March 2020

All amounts are in ₹ Lakhs unless otherwise stated

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

## Reconciliations of liabilities from financing activities:

Particulars	As at 1 <sup>st</sup> April 2019	Proceeds	Repayment	Fair value changes	As at 31 <sup>st</sup> 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
<b>Total liabilities from financing activities</b>	<b>28,379</b>	<b>12,945</b>	<b>(15,767)</b>	<b>-</b>	<b>25,557</b>

  

Particulars	As at 1 <sup>st</sup> April 2018	Proceeds	Repayment	Fair value changes	As at 31 <sup>st</sup> 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
<b>Total liabilities from financing activities</b>	<b>26,147</b>	<b>5,165</b>	<b>(2,933)</b>	<b>-</b>	<b>28,379</b>

## Reconciliation of lease liability as on 31<sup>st</sup> March 2020 (31<sup>st</sup> March 2019: NIL):

Particulars	As at 1 <sup>st</sup> April 2019	Recognition on adoption of Ind AS 116	Finance cost accrued during the year	Payment of lease liabilities	As at 31 <sup>st</sup> 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: 29<sup>th</sup> 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: 29<sup>th</sup> May 2020

# Notes to the standalone 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") was incorporated under the Companies Act, 1956 as a public limited company on 15<sup>th</sup> 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:

# Notes to the standalone financial statements

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.

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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:

- The Company will comply with the conditions attached to them; and
- 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

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

'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



# Notes to the standalone financial statements

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.

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

- 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

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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 1<sup>st</sup> April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1<sup>st</sup> 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 31<sup>st</sup> 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

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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 1<sup>st</sup> April 2020.

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

## 2. Property, plant and equipment

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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
<b>Total</b>	<b>83,275</b>	<b>73,810</b>

# 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
<b>I. Gross block</b>											
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
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>7,051</b>	<b>179</b>	<b>25,551</b>	<b>69,439</b>	<b>837</b>	<b>4,516</b>	<b>8,757</b>	<b>292</b>	<b>880</b>	<b>6,684</b>	<b>1,24,186</b>
<b>II. Accumulated depreciation</b>											
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
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>-</b>	<b>45</b>	<b>8,150</b>	<b>21,766</b>	<b>666</b>	<b>3,398</b>	<b>4,870</b>	<b>244</b>	<b>657</b>	<b>1,115</b>	<b>40,911</b>
<b>Net block (I-II)</b>											
Carrying value as at 31 <sup>st</sup> March 2020	7,051	134	17,401	47,673	171	1,118	3,887	48	223	5,569	83,275
Carrying value as at 31 <sup>st</sup> 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
<b>I. Gross block</b>											
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
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>7,051</b>	<b>179</b>	<b>22,065</b>	<b>59,535</b>	<b>802</b>	<b>4,206</b>	<b>7,737</b>	<b>269</b>	<b>962</b>	<b>6,684</b>	<b>1,09,490</b>
<b>II. Accumulated depreciation</b>											
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
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>-</b>	<b>36</b>	<b>6,730</b>	<b>19,173</b>	<b>616</b>	<b>3,159</b>	<b>4,197</b>	<b>219</b>	<b>684</b>	<b>866</b>	<b>35,680</b>
<b>Net block (I-II)</b>											
Carrying value as at 31 <sup>st</sup> March 2019	7,051	143	15,335	40,362	186	1,047	3,540	50	278	5,818	73,810
Carrying value as at 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Computer software	13	14
<b>Total</b>	<b>13</b>	<b>14</b>

### Computer Software:

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>I. Gross block</b>		
Opening Balance	267	267
Add : Additions	-	-
Less : Disposals	-	-
<b>Closing Balance</b>	<b>267</b>	<b>267</b>
<b>II. Accumulated amortisation</b>		
Opening Balance	253	252
Add : Amortisation expense	1	1
Less : Eliminated on disposal of assets	-	-
<b>Closing Balance</b>	<b>254</b>	<b>253</b>
<b>Net block (I-II)</b>		
<b>Carrying Value</b>	<b>13</b>	<b>14</b>

## 4. Right of use assets

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Buildings	130	-
<b>Total</b>	<b>130</b>	<b>-</b>

### Buildings:

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>I. Gross block</b>		
Opening Balance	-	-
Add: Recognition on adoption of Ind AS 116	242	-
Add: Additions	-	-
Less: Deletion	-	-
<b>Closing Balance</b>	<b>242</b>	<b>-</b>
<b>II. Accumulated depreciation</b>		
Opening Balance	-	-
Add: Depreciation expense	112	-
<b>Closing Balance</b>	<b>112</b>	<b>-</b>
<b>Net block (I-II)</b>		
<b>Carrying Value</b>	<b>130</b>	<b>-</b>



# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

## 5. Investments in equity instruments (Unquoted)

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Investments in equity instruments (Unquoted)</b>				
<b>Investments in subsidiaries</b>				
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	-	-
		<b>47,726</b>		<b>27,528</b>
<b>Aggregate amount of unquoted investments</b>		<b>47,726</b>		<b>27,528</b>

### Notes:

- (i) Includes investment of ₹ 401 (31<sup>st</sup> 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 31<sup>st</sup> March 2020, ₹ 1,044 (31<sup>st</sup> 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 (31<sup>st</sup> 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Non-current</b>		
Loans to related party (Refer Note 35)	-	1,500
<b>Total</b>	-	<b>1,500</b>
<b>Current</b>		
Loans to related party (Refer Note 35)	1,500	500
<b>Total</b>	<b>1,500</b>	<b>500</b>
<b>Total loans</b>	<b>1,500</b>	<b>2,000</b>
<b>Loans classification:</b>		
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	-	-
<b>Total Non-current</b>	-	<b>1,500</b>
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	-	-
<b>Total Current</b>	<b>1,500</b>	<b>500</b>

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

## 7. Other financial assets (Unsecured, considered good)

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Non-current</b>		
Security deposits	1,375	1,650
Balances held as margin money deposit against borrowings	6	233
<b>Total</b>	<b>1,381</b>	<b>1,883</b>
<b>Current</b>		
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	-
<b>Total</b>	<b>4,614</b>	<b>4,366</b>
<b>Total other financial assets</b>	<b>5,995</b>	<b>6,249</b>

### 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Non-current</b>		
Capital advances	550	1,150
Prepaid expenses	168	169
Balances with government authorities	141	-
<b>Total</b>	<b>859</b>	<b>1,319</b>
<b>Current</b>		
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
<b>Total</b>	<b>7,258</b>	<b>7,245</b>
<b>Total other assets</b>	<b>8,117</b>	<b>8,564</b>

# 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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
<b>Total (A)</b>	<b>7,815</b>	<b>9,283</b>
Goods-in-transit:		
Raw materials	-	9
Coal	250	1,286
Packing materials	-	31
Finished goods	2	2
<b>Total (B)</b>	<b>252</b>	<b>1,328</b>
<b>Total inventories (A+B)</b>	<b>8,067</b>	<b>10,611</b>

## 10. Trade receivables

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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
<b>Sub-total</b>	<b>10,181</b>	<b>8,294</b>
Less: Expected credit loss allowance	(695)	(480)
<b>Total trade receivables</b>	<b>9,486</b>	<b>7,814</b>

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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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
<b>Total</b>	<b>10,181</b>	<b>8,294</b>

## 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
<b>Balance at the end of the year</b>	<b>695</b>	<b>480</b>

## 11. Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Cash and cash equivalents		
Cash in hand	4	3
Balances with banks	167	81
Deposits with banks	-	1,700
<b>Total Cash and cash equivalents</b>	<b>171</b>	<b>1,784</b>

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

## 12. Other bank balances

Particulars	As at	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Unpaid dividend account	58	62
Margin money deposits (Refer note below)	785	960
<b>Total other bank balances</b>	<b>843</b>	<b>1,022</b>

**Note:**

Margin money deposits are against bank guarantees and cash credit facilities.

## 13. Equity share capital

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised:</b>				
Equity shares of ₹ 10 each	2,35,00,000	2,350	2,35,00,000	2,350
<b>Issued, subscribed and fully paid:</b>				
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 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> 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	-	-
<b>Closing balance</b>	<b>2,22,75,000</b>	<b>2,228</b>	<b>2,04,00,000</b>	<b>2,040</b>

**(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 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> 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)**

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

## 14. Other equity

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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
<b>Total other equity</b>	<b>1,01,023</b>	<b>88,129</b>

Movement in other equity is as follows:

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Capital reserve</b>	<b>35</b>	<b>35</b>
<b>Securities premium</b>		
(i) Opening balance	32,007	32,007
(ii) Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	13,500	-
	<b>45,507</b>	<b>32,007</b>
<b>General reserve</b>	<b>3,598</b>	<b>3,598</b>
<b>Retained earnings</b>		
(i) Opening balance	46,981	44,688
(ii) Profit for the year	3,473	2,662
	<b>50,454</b>	<b>47,350</b>
Less: Appropriations		
(i) Dividend on equity shares	510	306
(ii) Tax on dividend	105	63
	<b>49,839</b>	<b>46,981</b>
<b>Other items of other comprehensive income</b>		
(i) Opening balance	(150)	15
(ii) Other comprehensive income for the year	(42)	(165)
	<b>(192)</b>	<b>(150)</b>
<b>Money received against share warrant (Refer Note 39)</b>	<b>2,236</b>	<b>5,658</b>
<b>Total</b>	<b>1,01,023</b>	<b>88,129</b>

**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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Non-current borrowings* (Secured, at amortised cost)		
Term loans from banks (Refer Note 41)	11,514	14,171
<b>Total non-current borrowings</b>	<b>11,514</b>	<b>14,171</b>

\*Current maturities of non-current borrowings have been disclosed under the head "Other financial liabilities".

### Notes:

#### As at 31<sup>st</sup> 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)		
<b>Total</b>	<b>11,514</b>		

#### As at 31<sup>st</sup> 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)		
<b>Total</b>	<b>14,171</b>		

### Notes:

- 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.
- 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.
- 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.
- 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.
- Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.
- 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 27<sup>th</sup> March 2020 and 17<sup>th</sup> 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 1<sup>st</sup> March 2020 and 31<sup>st</sup> 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 1<sup>st</sup> March 2020 and 31<sup>st</sup> May 2020 from State Bank of India, Axis Bank Limited and HDFC Bank Limited.

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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
<b>Total current borrowings</b>	<b>10,765</b>	<b>10,655</b>

## Notes:

- 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.)
- 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.
- 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Non-current</b>		
Security deposits received	5,178	3,944
Guarantee obligation	345	154
Deferred consideration payable (Refer Note 39)	3,160	-
<b>Total</b>	<b>8,683</b>	<b>4,098</b>
<b>Current</b>		
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	-
<b>Total</b>	<b>6,886</b>	<b>5,414</b>
<b>Total other financial liabilities</b>	<b>15,569</b>	<b>9,512</b>

## 17. Provisions

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Gratuity (Refer Note 33)	849	627
Compensated absences (Refer Note 33)	302	239
<b>Total provisions</b>	<b>1,151</b>	<b>866</b>
<b>Non-current</b>		
Gratuity	617	444
Compensated absences	226	183
<b>Total</b>	<b>843</b>	<b>627</b>
<b>Current</b>		
Gratuity	232	183
Compensated absences	76	56
<b>Total</b>	<b>308</b>	<b>239</b>

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

## 18. Other liabilities

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Non-current</b>		
Liability for land restoration	179	179
<b>Total</b>	<b>179</b>	<b>179</b>
<b>Current</b>		
Advance from customers	2,161	3,235
Statutory remittances	1,030	1,540
Advance from others	11	-
<b>Total</b>	<b>3,202</b>	<b>4,775</b>
<b>Total other liabilities</b>	<b>3,381</b>	<b>4,954</b>

## 19. Revenue from operations

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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
<b>Total revenue from operations</b>	<b>84,758</b>	<b>90,201</b>

## 20. Other income

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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	-
<b>Total other income</b>	<b>1,632</b>	<b>1,506</b>

## 21. Cost of materials consumed

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
Opening stock	700	394
Add: Purchases	16,071	15,956
Less: Closing stock	788	700
<b>Total cost of materials consumed</b>	<b>15,983</b>	<b>15,650</b>
<b>Details of materials consumed:</b>		
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
<b>Total</b>	<b>15,983</b>	<b>15,650</b>



# Notes to the standalone financial statements

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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>Inventories at the beginning of the year:</b>		
Finished goods	901	154
Work-in-progress	823	3,314
	<b>1,724</b>	<b>3,468</b>
<b>Inventories at the end of the year:</b>		
Finished goods	918	901
Work-in-progress	1,408	823
	<b>2,326</b>	<b>1,724</b>
<b>Net (increase)/ decrease</b>	<b>(602)</b>	<b>1,744</b>

## 23. Employee benefit expenses

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
Salaries and wages, including bonus	4,531	4,108
Contribution to provident and other funds	483	373
Staff welfare expenses	556	719
<b>Total employee benefit expenses</b>	<b>5,570</b>	<b>5,200</b>

## 24. Finance costs

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
Interest expense	2,763	3,021
Less: Borrowing costs on qualifying assets capitalised	(173)	(303)
Other borrowing cost	802	604
<b>Total finance cost</b>	<b>3,392</b>	<b>3,322</b>

## 25. Depreciation and amortisation expense

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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
<b>Total depreciation and amortisation</b>	<b>5,507</b>	<b>4,410</b>

## 26. Other expenses

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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)
<b>Total other expenses</b>	<b>11,954</b>	<b>11,167</b>
<b>Note:</b>		
<b>(i) Payment to auditors (net of taxes) comprises:</b>		
For audit	23	23
For limited reviews	7	7
For other services	7	3
Reimbursement of expenses	1	2
<b>Total</b>	<b>38</b>	<b>35</b>

## 27. Income tax expense

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>(a) Income tax recognised in the statement of profit and loss</b>		
<b>Current tax:</b>		
In respect of the current year	850	874
	<b>850</b>	<b>874</b>
<b>Deferred tax</b>		
In respect of current year origination and reversal of temporary differences	300	1,045
MAT Credit	-	(874)
	<b>300</b>	<b>171</b>
<b>Total tax expense</b>	<b>1,150</b>	<b>1,045</b>

### Reconciliation of effective tax rate:

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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)	<b>1,615</b>	<b>1,295</b>
<b>Permanent difference</b>		
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
<b>Total</b>	<b>(465)</b>	<b>(250)</b>
At the effective income tax rate	1,150	1,045
<b>Total Tax expense</b>	<b>1,150</b>	<b>1,045</b>

# Notes to the standalone financial statements

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)
<b>Total Deferred tax liability (Net)</b>	<b>4,113</b>	<b>300</b>	<b>(22)</b>	<b>4,391</b>

## 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)
<b>Total Deferred tax liability (Net)</b>	<b>4,030</b>	<b>171</b>	<b>(88)</b>	<b>4,113</b>

## Income tax assets and liabilities

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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)
<b>Net Income tax liabilities</b>	<b>(294)</b>	<b>(672)</b>

**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 23<sup>rd</sup> March 2020 in the light of the outbreak of COVID-19, on account of which the Company suspended its operations from 23<sup>rd</sup> 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 4<sup>th</sup> 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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 28<sup>th</sup> 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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	-
<b>Total</b>			<b>67,143</b>	<b>21,000</b>

### c) Capital Commitments:

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	513	635

# Notes to the standalone financial statements

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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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.

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

## B. Financial assets and liabilities

The carrying value of financial instruments by categories as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 is as follows:

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
(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
<b>Total Financial assets</b>	<b>65,721</b>	<b>46,397</b>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
(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
<b>Total Financial liabilities</b>	<b>54,838</b>	<b>49,350</b>

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 31<sup>st</sup> March 2020 would decrease/increase by ₹ 128 (for the year ended 31<sup>st</sup> March 2019: decrease/increase by ₹ 142). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

# Notes to the standalone financial statements

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 31<sup>st</sup> March 2020 and 31<sup>st</sup> 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Secured bills acceptance facility, reviewed annually		
- amount used	6,996	3,009
- amount unused	2,004	5,991
<b>Total</b>	<b>9,000</b>	<b>9,000</b>
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	10,765	10,655
- amount unused	2,435	2,545
<b>Total</b>	<b>13,200</b>	<b>13,200</b>
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
<b>Total</b>	<b>14,792</b>	<b>17,740</b>

The details regarding the contractual maturities of significant financial liabilities as at 31<sup>st</sup> 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

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

The details regarding the contractual maturities of significant financial liabilities as at 31<sup>st</sup> 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	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> 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 administered by Life Insurance Corporation of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 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).



# Notes to the standalone financial statements

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 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019:

#### a) The principal assumptions used for the purposes of actuarial valuations were as follows:

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>Amount recognised in statement of profit and loss in respect of defined benefit plan is as follows:</b>		
Current service cost	149	99
Interest expense	78	55
Other adjustments	2	-
Expected return on plan assets	(33)	(33)
<b>Defined benefit cost included in profit and loss</b>	<b>196</b>	<b>121</b>
<b>Re-measurement effects recognised in Other Comprehensive Income (OCI):</b>		
Actuarial loss	64	253
<b>Components of defined benefit costs recognised in OCI</b>	<b>64</b>	<b>253</b>

#### c) Key Results - Reconciliation of fair value of assets and obligations

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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)
<b>Defined benefit obligation at the year end</b>	<b>1,310</b>	<b>1,070</b>

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

## e) Maturity profile of defined benefit obligation:

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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	-	-
<b>Fair value of plan asset at the year end</b>	<b>461</b>	<b>443</b>

## 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 31 <sup>st</sup> March 2020		For the year ended 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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.

# Notes to the standalone financial statements

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
<b>Key managerial personnel (KMP):</b>	
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)
<b>Relatives of KMP:</b>	
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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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
	<b>Total</b>	<b>96</b>	<b>96</b>
Services rendered	Sagar Cements (R) Limited	360	360
Services received	Sagarsoft (India) Limited	28	28
	RV Consulting Services Private Limited	34	1,612
	<b>Total</b>	<b>62</b>	<b>1,640</b>
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	-
	<b>Total</b>	<b>34</b>	<b>23</b>

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

Nature of transaction	Party Name	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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
	<b>Total</b>	<b>10,266</b>	<b>5,658</b>

## Compensation to key managerial personnel is as follows:

Nature of transaction	Party Name	For the period ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> 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	-
	<b>Total</b>	<b>4,825</b>	<b>4,265</b>
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
	<b>Total</b>	<b>-</b>	<b>9</b>
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	-
	<b>Total</b>	<b>67,143</b>	<b>21,000</b>
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
	<b>Total</b>	<b>6,433</b>	<b>16,972</b>

# Notes to the standalone financial statements

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 1<sup>st</sup> April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2020

Particulars	For the year ended 31 <sup>st</sup> March 2020
Balance as at 1 <sup>st</sup> April 2019	-
Recognition on adoption of Ind AS 116	242
Depreciation	(112)
<b>Closing Balance</b>	<b>130</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the statement of profit and loss

# Notes to the standalone financial statements

All amounts are in ₹ Lakhs unless otherwise stated

The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March 2020

Particulars	For the year ended 31 <sup>st</sup> 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 31<sup>st</sup> March 2020

Particulars	For the year ended 31 <sup>st</sup> 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 31<sup>st</sup> March 2020 on discounted basis

Particulars	For the year ended 31 <sup>st</sup> 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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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 24<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2019 against the outstanding warrants pending conversion to equity shares as at 31<sup>st</sup> March 2020 are disclosed under Money received against share warrants under 'Other equity'.

Consequently, the Company acquired 100% equity stake in JCPL on 2<sup>nd</sup> 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 8<sup>th</sup> 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 charges, 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 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> 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 29<sup>th</sup> 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: 29<sup>th</sup> May 2020