Independent Auditor's Report

To The Members of Sagar Cements Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Sagar Cements Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	Auditor's Response
Revenue recognition – Price Equalizer Discounts **(Refer Note 40 of the Consolidated financial statements)**	**Principal audit procedures performed:**
• Revenue is measured net of discounts earned by customers on the Parent's sales. • Due to the Parent's presence across different marketing regions within the country and the competitive business environment, price equalizer 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 are collated periodically by the management and are prone to manual interventions. • Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price discounts. • Given the complexity involved in the assessment of price equalizer discounts and their periodic recognition against sales, the same is considered as key audit matter.	• Assessed the appropriateness of the Parent's accounting policies relating to price equalizer discounts by comparing with applicable accounting standards. • Assessed the design and tested the implementation and operating effectiveness of Parent's internal controls over the approvals, calculation, accounting and issuance of credit notes. • Obtained and inspected, on a sample basis, supporting documentation for price equalizer discounts recorded and credit note issued during the year as well as credit notes issued after the year end date to determine whether these were recorded appropriately. • Compared the historical trend of price equalizer discounts to sales made to determine the appropriateness of current year's discount charge.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Integrated report and Management Discussion and Analysis Report including Annexures and Corporate Governance Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

e) On the basis of the written representations received from the directors of the Parent and the reports of the statutory auditors of its subsidiaries incorporated in India as on March 31, 2021 taken on record by the Board of Directors of the Company none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Parent 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 21201193AAAADI5261)

Place: Hyderabad
Date: May 12, 2021

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Sagar Cements Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 21201193AAAADI5261)

Place: Hyderabad
Date: May 12, 2021

Consolidated Balance Sheet

as on March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	1,21,342	1,27,141
(b) Capital work-in-progress		51,748	10,799
(c) Goodwill		4,162	4,162
(d) Intangible assets			
Mining rights	3	5,725	5,893
Other Intangible assets	3	32	23
(e) Right of use assets	4	1,116	1,176
(f) Financial assets			
(i) Other financial assets	5	1,786	1,659
(g) Income tax assets (net)	25	450	465
(h) Deferred tax assets (net)	25	611	2,119
(i) Other non-current assets	6	11,133	8,716
Total Non-current assets		**1,98,105**	**1,62,153**
Current assets			
(a) Inventories	7	12,428	11,580
(b) Financial assets			
(i) Trade receivables	8	10,071	13,678
(ii) Cash and cash equivalents	9	22,514	290
(iii) Bank balances other than cash and cash equivalents	10	2,905	985
(iv) Other financial assets	5	335	394
(c) Other current assets	6	11,106	4,795
Total Current assets		**59,359**	**31,722**
TOTAL ASSETS		**2,57,464**	**1,93,875**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	2,350	2,228
(b) Other equity	12	1,18,103	94,438
Equity attributable to Shareholders of the Company		**1,20,453**	**96,666**
Non-controlling interests		5,351	5,393
Total Equity		**1,25,804**	**1,02,059**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	63,803	28,724
(ii) Lease liabilities	33	188	256
(iii) Other financial liabilities	14	6,999	7,016
(b) Provisions	15	624	970
(c) Deferred tax liabilities (net)	25	8,200	4,391
(d) Other non-current liabilities	16	229	229
Total Non-current liabilities		**80,043**	**41,586**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	10,217	14,063
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		17	148
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		22,882	22,152
(iii) Lease liabilities	33	47	22
(iv) Other financial liabilities	14	8,419	8,688
(b) Provisions	15	443	355
(c) Income tax liabilities (net)	25	1,170	602
(d) Other current liabilities	16	8,422	4,200
Total Current liabilities		**51,617**	**50,230**
Total Liabilities		**1,31,660**	**91,816**
TOTAL EQUITY AND LIABILITIES		**2,57,464**	**1,93,875**
Corporate information and significant accounting policies	1		
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm Registration No: 008072S

Ganesh Balakrishnan

Partner

Membership No: 201193

Place: Hyderabad

Date: May 12, 2021

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: May 12, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	17	1,37,132	1,17,515
II	Other income	18	778	403
III	**Total Income (I + II)**		**1,37,910**	**1,17,918**
IV	**Expenses**			
	(a) Cost of materials consumed	19	19,710	20,473
	(b) Purchase of stock-in-trade	20a	2,028	3,237
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20b	2,236	(982)
	(d) Employee benefit expenses	21	7,636	6,487
	(e) Finance costs	22	4,656	6,099
	(f) Depreciation and amortisation expense	23	8,055	7,887
	(g) Power and fuel expenses		26,143	30,918
	(h) Freight and forwarding		23,422	22,375
	(i) Other expenses	24	15,913	16,457
	Total Expenses		**1,09,799**	**1,12,951**
V	**Profit before tax (III - IV)**		**28,111**	**4,967**
VI	**Tax expense**			
	(a) Current tax	25	6,610	850
	(b) Deferred tax	25	2,941	1,464
	Total Tax expense		**9,551**	**2,314**
VII	**Profit after tax (V - VI)**		**18,560**	**2,653**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit and loss			
	(a) Remeasurement of the defined benefit plan		11	(60)
	(ii) Income tax relating to items that will not be reclassified to profit and loss		(4)	21
	Other comprehensive income for the year, net of tax		**7**	**(39)**
IX	**Total comprehensive income for the year (VII + VIII)**		**18,567**	**2,614**
	Profit for the year attributable to;			
	Shareholders of the company		18,602	2,671
	Non controlling interest		(42)	(18)
			18,560	**2,653**
	Total comprehensive income for the year attributable to ;			
	Shareholders of the company		18,609	2,632
	Non controlling interest		(42)	(18)
			18,567	**2,614**
X	**Earnings per share (Face value of ₹ 10 per share)**			
	Basic and Diluted	34	80.24	12.36
	Corporate information and significant accounting policies	1		
	See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm Registration No: 008072S

Ganesh Balakrishnan

Partner

Membership No: 201193

Place: Hyderabad

Date: May 12, 2021

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: May 12, 2021

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

A. EQUITY SHARE CAPITAL

Particulars	Amount
Balance at March 31, 2019	2,040
Changes in equity share capital during the year	188
Balance at March 31, 2020	**2,228**
Changes in equity share capital during the year	122
Balance at March 31, 2021	**2,350**

B. OTHER EQUITY

Particulars	Attributable to owners of the Company						Non-controlling interests	Total other equity
	Reserves and surplus				Other items of other comprehensive income	Money received against share warrants		
	Capital reserve	Securities premium	General reserve	Retained earnings				
Balance as at March 31, 2019	**35**	**32,007**	**3,598**	**41,227**	**(182)**	**5,658**	**-**	**82,343**
Profit for the year	-	-	-	2,671	-	-	(18)	2,653
Dividend on equity shares (including tax)	-	-	-	(615)	-	-	-	(615)
Other comprehensive income for the year (net of tax ₹ 21)	-	-	-	-	(39)	-	-	(39)
Minority interest on account business combination	-	-	-	-	-	-	5,411	5,411
Money received against share warrant (Refer Note 36)	-	-	-	-	-	10,266	-	10,266
Allotment of equity shares upon conversion of warrants (Refer Note 36)	-	-	-	-	-	(188)	-	(188)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	-	13,500	-	-	-	(13,500)	-	-
Balance as at March 31, 2020	**35**	**45,507**	**3,598**	**43,283**	**(221)**	**2,236**	**5,393**	**99,831**
Profit for the year	-	-	-	18,602	-	-	(42)	18,560
Dividend on equity shares	-	-	-	(1,528)	-	-	-	(1,528)
Other comprehensive income for the year (net of tax ₹ 4)	-	-	-	-	7	-	-	7
Money received against share warrant (Refer Note 36)	-	-	-	-	-	6,706	-	6,706
Allotment of equity shares upon conversion of warrants (Refer Note 36)	-	-	-	-	-	(122)	-	(122)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	-	8,820	-	-	-	(8,820)	-	-
Balance as at March 31, 2021	**35**	**54,327**	**3,598**	**60,357**	**(214)**	**-**	**5,351**	**1,23,454**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

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: May 12, 2021

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
A	**Cash flow from operating activities**				
	Profit after tax for the year		**18,560**		**2,653**
	Adjustments for:				
	Tax expense	9,551		2,314	
	Depreciation and amortisation expense (Refer Note 23)	8,120		7,887	
	Finance costs	4,656		6,099	
	Interest income	(328)		(139)	
	Liabilities no longer required written back	(46)		(52)	
	Expected credit loss allowance on trade receivables	85		278	
	Provision for incentives receivable from government	84		-	
	Unrealised loss on foreign currency transactions and translation	54		220	
	Net loss/ (gain) on fair value change in financial instruments	166		(172)	
	Profit on sale of property, plant and equipment	(50)		(33)	
	Advances written off	-		150	
	Incentives received from government	(1,714)		(1,072)	
			20,578		15,480
	Operating profit before working capital changes		**39,138**		**18,133**
	Changes in working capital				
	Adjustments for (increase)/decrease in operating assets:				
	Trade receivables	3,522		(2,003)	
	Inventories	(848)		2,921	
	Financial assets	(195)		(196)	
	Other assets	(4,727)		1,998	
			(2,248)		2,720
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	591		1,086	
	Other financial liabilities	(85)		1,343	
	Provisions	(247)		260	
	Other liabilities	4,222		(2,345)	
			4,481		344
	Cash generated from operating activities		**41,371**		**21,197**
	Less: Income tax paid		**(3,654)**		**(992)**
	Net cash generated from operating activities		**37,717**		**20,205**
B	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances	(46,125)		(22,786)	
	Deposits not considered as cash and cash equivalents				
	- Placed	(2,392)		(2,317)	
	- Matured	455		2,654	
	Proceeds from disposal of plant and equipment	103		66	
	Acquisition of subsidiary	-		(444)	
	Interest received	300		129	
	Net cash used in investing activities		**(47,659)**		**(22,698)**

Consolidated Statement of Cash flows

for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
C Cash flow from financing activities				
Proceeds from allotment of equity shares upon conversion of warrants	6,706		10,266	
Proceeds from non-current borrowings	43,041		19,590	
Proceeds from loan from others and related parties (net)	51		38	
Repayment of non-current borrowings	(7,348)		(21,870)	
Repayment of lease liability	(167)		(142)	
Proceeds from current borrowings (net)	(3,846)		(27)	
Finance costs	(4,743)		(6,248)	
Dividend paid including tax	(1,528)		(615)	
Net cash generated from financing activities		32,166		992
Net increase/ (decrease) in cash and cash equivalent (A+B+C)		22,224		(1,501)
Cash and cash equivalent at the beginning of the year		290		1,791
Cash and Cash equivalent at the end of the year (Refer Note 9)		22,514		290
Note:				
Cash and cash equivalents comprises of:				
Cash in hand		3		10
Balances with banks		860		280
Deposits with banks		21,651		-
Cash and cash equivalents (Refer Note 9)		**22,514**		**290**

Reconciliations of liabilities from financing activities:

Particulars	As at April 01, 2020	Proceeds	Repayment	Fair value changes	As at March 31, 2021
Long term borrowings (including current portion)	35,906	43,092	(7,348)	23	71,673
Short term borrowings	14,063	-	(3,846)	-	10,217
Total liabilities from financing activities	**49,969**	**43,092**	**(11,194)**	**23**	**81,890**

Particulars	As at April 01, 2019	Proceeds	Repayment	Fair value changes	As at March 31, 2020
Long term borrowings (including current portion)	37,976	19,782	(21,832)	(20)	35,906
Short term borrowings	13,886	2,029	(1,852.00)	-	14,063
Total liabilities from financing activities	**51,862**	**21,811**	**(23,684)**	**(20)**	**49,969**

Reconciliation of lease liability:

Particulars	As at April 01, 2020	Additions	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2021
Lease liabilities	278	101	23	(167)	235

Particulars	As at April 01, 2019	Recognition on adoption of Ind AS 116	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2020
Lease liabilities	-	408	12	(142)	278

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

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: May 12, 2021

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate Information:

Sagar Cements Limited ("the Company/ Parent") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the National Stock Exchange of India and The BSE Limited. The registered office of the Company is located at Hyderabad. The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries Sagar Cements (R) Limited, Jajpur Cements Private Limited, Satguru Cement Private Limited (collectively referred to as "the Group"). The Group is engaged in the business of manufacture and sale of cement and generation of power for sale and captive consumption.

(b) Significant accounting policies

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as 'Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India (SEBI). The Group has consistently applied accounting policies to all periods.

(ii) Basis of preparation and presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for net realisable value in

Ind AS 2 or value in use in Ind AS 36 that have some similarities to fair value but are not fair value.

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

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

(iii) Functional and Presentation currency

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

Rounding of amounts

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

(iv) Use of estimates and Judgements

In the application of the accounting policies, which are described in Note 1(b), the management of the Group 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:

- **Useful lives of 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 and diminishing balance method 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 and amortisation 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. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

- **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 relating to 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.

- **Recognition of deferred tax assets and liabilities**
  Deferred tax assets and liabilities are recognized for deductible temporary differences and unused tax losses for which there is probability of utilization against the future taxable profit. The Group uses judgement to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits and business developments.

- **Fair value measurement of Financial instruments**
  When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Provisions and contingencies**
  Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The litigations and claims to which the Group is exposed are assessed by management and in certain cases with the support of external specialised lawyers.

  In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

- **Leases**
  Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The group makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

- **Inventories**
  Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Company makes an estimate of future selling prices and costs necessary to make the sale.

- **Expected credit losses**
  The Group makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

(v) Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Group as at March 31, 2021 and March 31, 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Following subsidiaries has been considered in the preparation of the consolidated financial statements:

Name of the entity	Investee relationship		Principal place of business	Ownership held by	% of Holding and voting power held directly	
	March 31, 2021	March 31, 2020			As at March 31, 2021	As at March 31,2020
Sagar Cements (R) Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	100%	100%
Jajpur Cements Private Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	100%	100%
Satguru Cement Private Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	65%	65%

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries
- Eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Profit and loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.
- When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(vi) Business combination

The Group accounts for its business combinations under acquisition method of accounting. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange of control of the acquire. Acquisition related costs are generally recognised in consolidated statement of profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Mining rights

The Company has used royalty saved method for value analysis of limestone mining rights. The method estimates the value of future savings in royalty payments over the life of the mine accruing to the Company, by virtue of the transaction instead of obtaining the mining rights via the Government e-auction process

The resulting post-tax cash flows for each of the years are recognised at their present value using a Weighted Average Cost of Capital ('WACC') relating to the risk of achieving the mine's projected savings.

Measurement period adjustments

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period

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(not more than one year from acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(vii) Non-controlling interests ("NCI")

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

Profit and loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(viii) Goodwill

Goodwill is measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill

allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ix) Revenue recognition

The group derives revenue from the sale of cement and recognizes 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.

Revenue from service contracts with customers is recognized when the services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those services.

Generation of Power

In case of power generation, revenue from sale of energy is recognized on accrual basis. Claims for delayed payment charges and any other claims, which the Group is entitled to, on grounds of prudence are accounted on admittance basis.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income / interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts / payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

(xi) Government grants

Grants from the Government are recognized when there is reasonable assurance that:

a) The Group will comply with the conditions attached to them; and
b) The grant will be received.

All amounts are in ₹ Lakhs unless otherwise stated

(xi) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined Contribution Plans

The Group's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense to the statement of profit and loss 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 and loss. Past service cost is recognised in profit and 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

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense

Compensated Absences:

The employees of the Company are entitled to compensate absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

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 recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

(xiii) Taxation

Income tax expense represents the sum of current tax and deferred tax. Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and 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.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit and 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.

Notes to the Consolidated Financial Statements

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All amounts are in ₹ Lakhs unless otherwise stated

Minimum alternate tax

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(xiv) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Freehold land is not depreciated.

Capital works in progress in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such capital works in progress 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 and loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.

Depreciation on plant and machinery and railway siding is charged under straight line method and on other assets depreciation is charged under WDV method, based on the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of asset	Useful lives
Railway siding	25 years
Plant and machinery other than continuous process plant	3 - 25 years
Electrical Equipment (Plant & Machinery)	15 years and 25 years

In case of the Subsidiary company Sagar Cements (R) Limited, depreciation has been provided on straight-line method for all the class of depreciable assets as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of asset	Useful lives
Plant and machinery other than continuous process plant	3 - 5 years
Electrical Equipment (Plant & Machinery)	15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Group follows the process of componentization for property, plant and equipment. Accordingly, the group has identified a part of an asset as a separate component in whole asset value (beyond certain value) and useful life of the part is different from the useful life of the remaining asset. The useful life has been assessed based on technical advice, taking into account the nature of the asset / component of an asset, the estimated usage of the asset / component of an asset on the basis of management's best estimation of getting economic benefits from those class of assets / components of an asset. The Group uses its technical expertise along with historical and industry trends for arriving the economic life of an asset/ component of an asset.

Individual assets costing less than or equal to ₹ 5,000 are depreciated in full in the year of acquisition.

Land-Restoration:

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows. The site restoration provision before exploitation of the raw materials has commenced is included in Property, Plant and Equipment and depreciated over the life of the related asset.

Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition.

The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through the Consolidated Statement of Profit and Loss over the life of the related asset, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. All provisions are discounted to their present value. The unwinding of the discount is recognised as a finance cost in the Consolidated Statement of Profit and Loss.

All amounts are in ₹ Lakhs unless otherwise stated

(xv) Intangible assets

Computer software acquired are measured on initial recognition at cost and mining rights are recognised on account of business combination. Cost comprises the purchase price (net of tax / duty credits availed wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(xvi) Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Work-in-progress and finished goods include appropriate proportion of overheads.

The methods of determining cost of various categories of inventories are as follows:

Type of Inventory	Method
Raw materials and coal	Weighted average method
Stores and spares and packing materials	Weighted average method
Work-in-progress and finished goods (manufactured)	Weighted average method and including an appropriate share of applicable overheads.

(xvii) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand, in bank and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method whereby profit/ (loss) after tax is adjusted for the effects of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from operating, investing and financing activities of the group are segregated based on the available information.

(xviii) Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items of the Group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Group that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these financial statements, the exchange differences on monetary items arising, if any, are recognized in the statement of profit and loss in the period in which they arise.

(xix) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The management evaluates the Group's performance and allocates resources based on analysis of various performance indicators by business segments.

(xx) Financial Instruments

(A) Initial recognition

Financial assets and financial liabilities are recognized 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 and 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 and loss are recognized immediately in profit and loss.

(B) Subsequent measurement

Non-derivative Financial Instruments:

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 and loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit and loss.

Notes to the Consolidated Financial Statements

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All amounts are in ₹ Lakhs unless otherwise stated

d. **Financial liabilities:**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized 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.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit and Loss (FVTPL). Interest income is recognised in statement of profit and loss and is included in the "other income" line item.

e. **Derivative Financial Instruments:** The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Any changes therein are recognised in the Consolidated Statement of Profit and Loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group does not hold derivative financial instruments for speculative purposes.

(C) De-recognition of financial assets and liabilities

a. Financial assets:

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized 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 recognized in other comprehensive income and accumulated in equity is recognized in profit and loss if such gain or loss would have otherwise been recognized in profit and loss on disposal of that financial asset.

b. Financial liabilities:

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

(xxi) Impairment of assets

a. Financial assets:

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and 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 recognized is recognized as an impairment gain or loss in profit and loss.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

b. Non-financial assets:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized 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 recognized for the asset in prior years.

(xxii) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(xxiii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(xxiv) Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes 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 recognized 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 amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(xxv) Exceptional items

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed separately in the financial statements.

(xxvi) Operating cycle

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

(xxvii) 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 April 1, 2021.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

2. PROPERTY, PLANT AND EQUIPMENT

Particulars	As at March 31, 2021	As at March 31, 2020
Land - freehold	9,787	9,793
Land - restoration	160	172
Buildings	20,687	22,129
Plant and machinery	77,906	81,117
Furniture and fittings	169	215
Office and other equipment	1,479	1,513
Electrical installations	5,318	6,064
Computers	79	68
Vehicles	437	501
Railway siding	5,320	5,569
Total	**1,21,342**	**1,27,141**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2020-21

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway sliding	Total
I. Gross Block											
Opening balance	**9,793**	**229**	**30,906**	**1,09,575**	**904**	**5,198**	**11,876**	**396**	**1,330**	**6,684**	**1,76,891**
Add: Additions	-	-	283	1,173	5	254	187	45	96	-	2,043
Less: Disposals	6	-	-	18	-	-	13	1	154	-	192
Balance as at March 31, 2021	**9,787**	**229**	**31,189**	**1,10,730**	**909**	**5,452**	**12,050**	**440**	**1,272**	**6,684**	**1,78,742**
II. Accumulated depreciation											
Opening Balance	-	57	8,777	28,458	689	3,685	5,812	328	829	1,115	49,750
Add: Depreciation expense	-	12	1,725	4,368	51	288	923	34	139	249	7,789
Less: Eliminated on disposal of assets	-	-	-	2	-	-	3	1	133	-	139
Balance as at March 31, 2021	**-**	**69**	**10,502**	**32,824**	**740**	**3,973**	**6,732**	**361**	**835**	**1,364**	**57,400**
Net block (I-II)											
Carrying value as at March 31, 2021	**9,787**	**160**	**20,687**	**77,906**	**169**	**1,479**	**5,318**	**79**	**437**	**5,320**	**1,21,342**
Carrying value as at March 31, 2020	9,793	172	22,129	81,117	215	1,513	6,064	68	501	5,569	1,27,141

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 sliding	Total
I. Gross Block											
Opening balance	**9,793**	**229**	**26,056**	**99,162**	**860**	**4,857**	**10,748**	**362**	**1,395**	**6,684**	**1,60,146**
Add: Additions	-	-	4,306	10,445	44	341	1,153	34	74	-	16,397
Add: Additions through business combination	-	-	544	-	-	-	-	-	-	-	544
Less: Disposals	-	-	-	32	-	-	25	-	139	-	196
Balance as at March 31, 2020	9,793	229	30,906	1,09,575	904	5,198	11,876	396	1,330	6,684	1,76,891
II. Accumulated depreciation											
Opening Balance	-	**45**	**7,132**	**24,267**	**633**	**3,369**	**4,901**	**298**	**803**	**866**	**42,314**
Add: Depreciation expense	-	12	1,640	4,204	56	316	935	30	152	249	7,594
Less: Additions through business combinations	-	-	5	-	-	-	-	-	-	-	5
Less: Eliminated on disposal of assets	-	-	-	13	-	-	24	-	126	-	163
Balance as at March 31, 2020	-	57	8,777	28,458	689	3,685	5,812	328	829	1,115	49,750
Net block (I-II)											
Carrying value as at March 31, 2020	**9,793**	**172**	**22,129**	**81,117**	**215**	**1,513**	**6,064**	**68**	**501**	**5,569**	**1,27,141**
Carrying value as at March 31, 2019	9,793	184	18,924	74,895	227	1,488	5,847	64	592	5,818	1,17,832

Pledge on property, plant and equipment:

1. Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 1,20,905 (March 31, 2020: ₹ 1,26,640) are subject to a pari-passu first charge on the Company's term loans. Further, the property, plant and equipment (other than vehicles) are subject to a pari-passu second charge on the Company's current borrowings. Refer Note 13.2. Vehicles with carrying amount of ₹ 437 (March 31, 2020: ₹ 501) are hypothecated to respective banks against vehicle loans.

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All amounts are in ₹ Lakhs unless otherwise stated

3. OTHER INTANGIBLE ASSETS

Particulars	As at March 31, 2021	As at March 31,2020
Computer software	32	23
Mining rights	5,725	5,893
Total	**5,757**	**5,916**

For the year 2020-21

Particulars	Computer Software	Mining rights	Total
Gross Block			
Opening Balance	**304**	**6,647**	**6,951**
Add: Additions	11	-	11
Less: Disposals	-	-	-
Balance as at March 31, 2021	315	6,647	6,962
II. Accumulated amortization			
Opening Balance	**281**	**754**	**1,035**
Add: Amortisation expense	2	168	170
Less: Eliminated on disposal of assets	-	-	-
Balance as at March 31, 2021	283	922	1,205
Net block (I-II)			
Carrying value as at March 31, 2021	**32**	**5,725**	**5,757**
Carrying value as at March 31, 2020	23	5,893	5,916

For the year 2019-20

Particulars	Computer Software	Mining rights	Total
Gross Block			
Opening Balance	**304**	**3,276**	**3,580**
Add: Additions on account of business combination	-	3,371	3,371
Add: Additions	-	-	-
Less: Disposals	-	-	-
Balance as at March 31, 2020	304	6,647	6,951
II. Accumulated amortization			
Opening Balance	**280**	**590**	**870**
Add: Amortisation expense	1	164	165
Less: Eliminated on disposal of assets	-	-	-
Balance as at March 31, 2020	281	754	1,035
Net block (I-II)			
Carrying value as at March 31, 2020	23	5,893	5,916
Carrying value as at March 31, 2019	24	2,686	2,710

4. RIGHT OF USE ASSETS

Particulars	As at March 31, 2021	As at March 31,2020
Buildings	88	155
Leasehold land	1,028	1,021
Total	**1,116**	**1,176**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2020-21

Particulars		Buildings	Leasehold land	Total
I.	**Gross Block**			
	Opening Balance	**292**	**1,039**	**1,331**
	Add: Additions	78	23	101
	Balance as at March 31, 2021	**370**	**1,062**	**1,432**
II.	**Accumulated depreciation**			
	Opening Balance	**137**	**18**	**155**
	Add: Depreciation expense	145	16	161
	Balance as at March 31, 2021	**282**	**34**	**316**
	Net block (I-II)			
	Carrying value as at March 31, 2021	**88**	**1,028**	**1,116**
	Carrying value as at March 31, 2020	155	1,021	1,176

For the year 2019-20

Particulars		Buildings	Leasehold land	Total
I.	**Gross Block**			
	Opening Balance	-	-	-
	Add: Reclassified on account of adoption of Ind AS116	-	648	648
	Add: Recognised on adoption of Ind AS 116	292	391	683
	Add: Additions	-	-	-
	Less: Deletion	-	-	-
	Balance as at March 31, 2020	292	1,039	1,331
II.	**Accumulated depreciation**			
	Opening Balance	-	-	-
	Add: Depreciation expense	**137**	**18**	**155**
	Balance as at March 31, 2020	137	18	155
	Net block (I-II)			
	Carrying value as at March 31, 2020	**155**	**1,021**	**1,176**
	Carrying value as at March 31, 2019	-	-	-

Note: Refer Note 33 on operating lease.

5. OTHER FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits	1,663	1,553
Balances held as margin money deposit against borrowings	123	106
Total	**1,786**	**1,659**
Current		
Security deposits	176	91
Advances to employees	66	66
Interest accrued but not due	87	65
Derivative assets	6	172
Total	**335**	**394**
Total other financial assets	**2,121**	**2,053**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

6. OTHER ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Capital advances	10,711	8,340
Advances to suppliers and service providers	65	59
Prepaid expenses	209	169
Balances with government authorities	148	148
Total	**11,133**	**8,716**
Current		
Advances to suppliers and service providers	1,012	638
Advances to related parties	-	7
Prepaid expenses	470	1,030
Balances with government authorities	5,402	528
Excise duty refund receivable	194	194
Incentives receivable from government (Refer Note 37)		
Unsecured, considered good	4,028	2,398
Considered doubtful	84	-
Less: Provision for incentives receivable from government	(84)	-
Total	**11,106**	**4,795**
Total other assets	**22,239**	**13,511**

7. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	1,707	1,117
Coal	4,597	3,563
Work-in-progress	703	2,255
Stores and spares	3,204	2,470
Packing materials	539	407
Finished goods	729	1,413
Total (A)	**11,479**	**11,225**
Goods-in-transit:		
Raw materials	6	-
Coal	886	353
Packing materials	55	-
Finished goods	2	2
Total (B)	**949**	**355**
Total inventories (A+B)	**12,428**	**11,580**

Note: Refer Note 1(b)(xvi) for basis of valuation and for details of inventories pledged refer Note 13.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

8 TRADE RECEIVABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Secured	1,123	3,317
Trade receivables considered good - Unsecured	8,948	10,361
Trade receivables - credit impaired	902	817
Sub-total	**10,973**	**14,495**
Less: Expected credit loss allowance	(902)	(817)
Total trade receivables	**10,071**	**13,678**

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 March 31, 2021	As at March 31, 2020
Within the credit period	7,166	9,728
1-30 days past due	1,614	1,535
31-60 days past due	353	538
61-90 days past due	164	259
91-180 days past due	192	504
More than 180 days past due	1,484	1,931
Total	**10,973**	**14,495**

Movement in expected credit loss allowance

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	817	527
Add: Expected credit loss allowance	85	290
Balance at the end of the year	**902**	**817**

9 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Cash in hand	3	10
Balances with banks	860	280
Deposits with banks	21,651	-
Total Cash and cash equivalents	**22,514**	**290**

10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Unpaid dividend account	64	58
Margin money deposits (Refer Note below)	2,841	927
Total Other bank balances	**2,905**	**985**

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

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

11 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each	2,35,00,000	2,350	2,35,00,000	2,350
Total	**2,35,00,000**	**2,350**	**2,35,00,000**	**2,350**
Issued, subscribed and fully paid up:				
Equity shares ₹ 10 each	2,35,00,000	2,350	2,22,75,000	2,228
Total	**2,35,00,000**	**2,350**	**2,22,75,000**	**2,228**

(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Opening balance	2,22,75,000	2,228	2,04,00,000	2,040
Allotment of equity shares upon conversion of warrants	12,25,000	122	18,75,000	188
Closing balance	**2,35,00,000**	**2,350**	**2,22,75,000**	**2,228**

(b) Rights, preferences and restrictions attached to the equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
S. Aruna	13,69,545	5.83%	13,69,545	6.15%
Rachana Sammidi	11,67,283	4.97%	11,67,183	5.24%
Dr. S. Anand Reddy	13,06,524	5.56%	13,06,524	5.87%
S. Sreekanth Reddy	16,02,298	6.82%	12,39,353	5.56%
R V Consulting Services Private Limited	15,97,198	6.80%	11,00,597	4.94%
HDFC Trustee Company Limited - Prudence Fund	10,83,330	4.61%	13,09,820	5.88%
AVH Resources India Private Limited	51,33,754	21.85%	43,58,704	19.57%

(d) During the year 2020-21, the Company had converted 12,25,000 (2019-20: 18,75,000) warrants into equal number of equity shares. (Refer Note 36)

12. OTHER EQUITY

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	35	35
Securities premium	54,327	45,507
General reserve	3,598	3,598
Retained earnings	60,357	43,283
Other items for other incomprehensive income	(214)	(221)
Money received against share warrants	-	2,236
Total other equity	**1,18,103**	**94,438**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Movement in other equity is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Reserve	**35**	**35**
Securities premium		
(i) Opening Balance	45,507	32,007
(ii) Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	8,820	13,500
	54,327	**45,507**
General Reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	43,283	41,227
(ii) Profit for the year	18,602	2,671
	61,885	**43,898**
Less: Appropriations		
(i) Dividend on equity shares (Refer Note below and 42)	1,528	510
(ii) Tax on dividend	-	105
	60,357	**43,283**
Other items of other comprehensive income		
(i) Opening Balance	(221)	(182)
(ii) Other comprehensive income	7	(39)
	(214)	**(221)**
Money received against share warrants		
(i) Opening balance	2,236	5,658
(ii) Money received against share warrant (Refer Note 36)	6,706	10,266
(iii) Allotment of equity shares upon conversion of warrants (Refer Note 36)	(122)	(188)
(iv) Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	(8,820)	(13,500)
	-	**2,236**
Total	**1,18,103**	**94,438**

Note:

Effective from April 01, 2020, Dividends will be taxed in the hands of recipient, hence there will ne no liability in the hands of Company.

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. The utilisation of securities premium is governed by the section 52 of the Act.

(c) General reserve

This represents appropriation of profit by the company. As per Companies Act, 2013, transfer of profits to General reserve is not mandatory. General reserve is a free reserve available to 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 allotted.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

13. NON CURRENT BORROWINGS* (SECURED, AT AMORTISED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Debentures (Refer Note (ii) below)	8,077	10,384
(b) Term Loans (Refer Note (i) below)	55,726	18,340
Total non-current borrowings	**63,803**	**28,724**

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

Note (i):

As at March 31, 2021

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	2,193	8 quarterly instalments	6.50%
Axis Bank Limited (Refer Note 2 below)	991	24 monthly instalments	8.00%
Axis Bank Limited (Refer Note 3 below)	1,721	12 quarterly instalments	8.00%
Axis Bank Limited (Refer Note 4 below)	3,176	20 quarterly instalments	8.00%
State Bank of India (Refer Note 5 below)	2,399	16 quarterly instalments	9.00%
State Bank of India (Refer Note 6 below)	722	13 monthly instalments	7.25%
Axis Bank Limited (Refer Note 7 below)	1,701	48 monthly instalments	6.50%
HDFC Bank Limited (Refer Note 8 below)	3,000	48 monthly instalments	6.50%
The Federal Bank Limited (Refer Note 9 below)	3,125	18 quarterly instalments	8.00%
State Bank of India(Refer Note 10 below)	144	13 monthly instalments	7.25%
Axis Bank Limited (Refer Note 11 below)	11,970	36 quarterly instalments	8.85%
IndusInd Bank Limited (Refer Note 12 below)	12,397	37 quarterly instalments	9.65%
State Bank of India (Refer Note 13 below)	16,326	37 quarterly instalments	9.65%
Vehicle loans from various banks/financial institutions (Refer Note 14 below)	181	5 - 21 monthly instalments	8.50% to 9.50%
Less: Current maturities of non-current borrowings	(4,320)		
	55,726		

As at March 31, 2020

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	3,018	11 quarterly instalments	8.65%
Axis Bank Limited (Refer Note 2 below)	1,533	37 monthly instalments	9.20%
Axis Bank Limited (Refer Note 3 below)	2,292	17 quarterly instalments	9.20%
Yes Bank Limited (Refer Note 3 below)	300	12 quarterly instalments	10.40%
Axis Bank Limited (Refer Note 4 below)	3,980	25 quarterly instalments	9.20%
State Bank of India (Refer Note 5 below)	3,299	25 quarterly instalments	9.15%
The Federal Bank Limited (Refer Note 9 below)	3,624	22 quarterly instalments	9.00%
Axis Bank Limited (Refer Note 11 below)	3,553	36 quarterly instalments	10.15%
Vehicle loans from various banks/financial institutions (Refer Note 14 below)	447	6 - 33 monthly instalments	7.98% to 9.50%
Less: Current maturities of non-current borrowings	(3,706)		
	18,340		

Notes:

1. Term loan is secured by first pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and by second pari-passu charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
2. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the company both present and future excluding fixed assets pertaining to grinding unit at Bayyavaram and plant and equipment of Waste heat recovery power plant at Mattampally , and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
3. Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram both present and future and by second pari-passu charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
4. Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram both present and future and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
5. Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
6. Term loan is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

7. Term loan is secured by second pari-passu charge against all current assets and property, plant and equipment of the Company, present and future, excluding vehicles purchased under hire purchase agreements and excluding property, plant and equipment pertaining to Mattampally WHR plant and 100% credit guarantee by National Credit Guarantee Trustee Company Ltd.
8. Term loan is secured by second pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
9. Term loan is secured by pari-passu charge on the property, plant and equipment (including mining land) owned by or belonging to the company, both present and future, and by a second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Director and corporate guarantee of Sagar Cements Limited and First pari-passu charge on shares of Sagar Cements (R) Limited held by Sagar Cements Limited subject to RBI Guidelines.
10. This term loan is secured against all current assets, present and future, and by second charge on entire property, plant and equipment of the Company including land and building and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director.
11. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future, hypothecation of all rights, title and interests of the borrower under all plant documents, contracts, insurance policies, permits/ approvals etc related to the plant, to which the borrower is party and can be legally assigned, 30% pledge on total equity share capital of Jajpur Cements Private Limited including CCD's and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director and corporate guarantee of Sagar Cements Limited.
12. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future. First pari-passu charge on all rights, title, interests, benefits, claims and demands whatsoever of the borrower in the project documents and in the clearances. First pari-passu charge on all the insurance contracts/ insurance proceeds of property, plant and equipment and 30% pledge on total share holding and NDU for the balance shareholding of Satguru Cement Private Limited held by Sagar Cements Limited. Second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited.
13. Term loan is secured by first pari-passu charge on the property, plant and equipment (including 30 Acres of project lease land excluding mining land) owned by or belonging to the borrower company both present and future. First pari-passu charge on all rights, title, interests, benefits, claims and demands whatsoever of the borrower in the project documents, excluding mining land. First pari-passu charge on all the insurance contracts/ insurance proceeds of property, plant and equipment and 51% pledge on total share holding of Satguru Cement Private Limited held by Sagar Cements Limited. Second pari-passu charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited.
14. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

Note (ii):

Non-Convertible Debentures (NCD) have been issued to International Finance Corporation (IFC). A total of 1,500 NCD's have been issued (₹ 10 lakhs each) aggregating ₹ 15,000. Interest payable on the NCD's is @11.60%. The NCD's were issued on March 23, 2016. Interest is payable at half yearly rest with effect from May 31, 2016. Repayment for the NCD's are to be made in 13 equal half yearly instalments of ₹ 1,154 starting from May 2019 onwards. The Company has paid two instalments during the current year, four instalments were paid upto current year. The NCD's are secured by first pari-passu charge on the property, plant and equipment i.e., Land, Buildings, Plant & Machinery and Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's. As per the agreement with the IFC, Company's obligation towards debt and interests from Holding Company are subordinate to the payment due to IFC against the NCD's.

Particulars	As at March 31, 2021	As at March 31, 2020
Current borrowings (at amortised cost)		
Loans repayable on demand		
Cash credit facilities (Refer Notes below)	10,217	14,063
Total secured borrowings	**10,217**	**14,063**

Notes:

1. The Company has availed cash credit facilities from State bank of India. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 7.90% p.a.to 8.85% p.a. (2019-20: 8.85% p.a. to 9.50% p.a.).
2. The Company has availed cash credit facilities from Axis Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the property, plant and equipment of the Company (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit) and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 7.70% p.a.to 8.40% p.a. (2019-20: 8.45% p.a.).
3. The Company has availed cash credit facilities from HDFC Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the property, plant and equipment of the Company including land and building (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit), and post dated cheques aggregating ₹ 1,000 from any working capital banker and are guaranteed by S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @7.90% p.a. to 8.40% p.a. (2019-20: 8.40% p.a. to 8.90% p.a.).
4. The Company has availed cash credit facilities from State Bank of India. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on entire property, plant and equipment of the Company including land and building and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The loans are repayable on demand and carries interest @ 7.90% p.a to 9.80% p.a. (2019-20: 10.65% p.a to 11.05% p.a.).
5. The Company has availed cash credit facilities from The Federal Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on property, plant and equipment (movable and immovable, including mining land) of the Company, present and future, and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 7.90% p.a to 8.95% p.a. (2019-20: 8.95% p.a.).

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

14. OTHER FINANCIAL IIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits received	5,757	5,848
Loan from others	193	55
Loans from related party	1,049	1,113
Total	**6,999**	**7,016**
Current		
Current maturities of non-current borrowings	6,628	6,014
Interest accrued but not due on borrowings	637	733
Unclaimed dividends (Refer Note below)	64	58
Payables on purchase of property, plant and equipment	1,090	1,883
Total	**8,419**	**8,688**
Total other financial liabilities	**15,418**	**15,704**

Note:

As at March 31, 2021 (March 31, 2020 ₹ Nil), there is no amount due and outstanding to be transferred to the Investor Education and Protection Fund (IEPF) by the Company. Unclaimed dividend, if any, shall be transferred to IEPF as and when they become due.

15. PROVISIONS

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity (Refer Note 30)	656	954
Compensated absences (Refer Note 30)	411	371
Total provisions	**1,067**	**1,325**
Non-current		
Gratuity	333	693
Compensated absences	291	277
Total	**624**	**970**
Current		
Gratuity	323	261
Compensated absences	120	94
Total	**443**	**355**

16. OTHER LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Liability for land restoration	229	229
Total	**229**	**229**
Current		
Advance from customers	5,149	2,659
Statutory remittances	3,273	1,530
Advance from others	-	11
Total	**8,422**	**4,200**
Total other liabilities	**8,651**	**4,429**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

17. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from		
- Sale of cement (Refer Note 40)	1,34,937	1,15,841
- Sale of power	320	152
Other operating income		
- Sale of scrap	95	159
Sale of coal	-	249
- Incentives received from government (Refer Note 37)	1,714	1,072
- Insurance claims	49	36
others	17	6
Total revenue from operations	**1,37,132**	**1,17,515**

18. OTHER INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income on financial assets measured at amortised cost	328	139
Rent received from employees	21	7
Profit on sale of property, plant & equipment	50	33
Liabilities no longer required written back	46	52
Net gain on foreign currency transactions and translation	333	-
Net gain on fair value change in financial instruments	-	172
Total other income	**778**	**403**

19. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	1,117	971
Add: Purchases	20,300	20,619
Less: Closing stock	1,707	1,117
Total cost of materials consumed	**19,710**	**20,473**
Details of materials consumed		
Limestone	5,296	5,889
Laterite	2,624	2,735
Iron-ore sludge	390	726
Gypsum	1,472	1,622
Flyash	1,966	1,635
Clinker Purchased	351	92
Slag	2,155	2,494
Others	5,456	5,280
Total	**19,710**	**20,473**

20A PURCHASES OF STOCK-IN-TRADE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cement	2,028	3,009
Others	-	228
Total	**2,028**	**3,237**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

20B CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year:		
Finished goods	1,413	1,184
Work-in-progress	2,255	1,502
	3,668	**2,686**
Inventories at the end of the year:		
Finished goods	729	1,413
Work-in-progress	703	2,255
	1,432	**3,668**
Net decrease/ (increase)	**2,236**	**(982)**

21. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages, including bonus	6,874	5,376
Contribution to provident and other funds (Refer Note 30)	604	581
Staff welfare expenses	540	633
Less: Employee benefits capitalised	(382)	(103)
Total employee benefit expenses	7,636	6,487

22. FINANCE COST

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense	5,443	5,193
Less: Borrowing costs on qualifying assets capitalised	(1,745)	(208)
Interest on deposits from dealers	232	273
Interest on lease liability	23	23
Other borrowing cost	703	818
Total finance cost	**4,656**	**6,099**

23. DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (Refer Note 2)	7,789	7,594
Depreciation on right of use assets (Refer Note 4 and 33)	161	155
Amortisation of intangible assets (Refer Note 3)	170	165
Less: Depreciation expenses capitalised	(65)	(27)
Total depreciation and amortization	**8,055**	**7,887**

24. OTHER EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Packing materials consumed	5,017	4,634
Stores and spares consumed	2,846	3,024
Repairs and maintenance		
Plant & equipment	1,888	1,837
Buildings	126	133
Others	1,019	854
Selling expenses	2,537	2,819
Expected credit loss allowances	85	278
Provision for incentives receivable from government	84	-
Advances written off	-	150
Rent	133	147
Insurance	218	162
Rates and taxes	170	244
Expenditure on corporate social responsibility (Refer Note 35)	130	84
Payment to Auditors (Refer Note (i) below)	91	79
Travelling and conveyance	219	414
Security services	263	268
Donations and contributions	212	222
Legal and other professional	606	603
Administrative expenses	253	230
Printing and stationery	37	35
Communication	68	68
Net Loss on foreign currency transitions and translation	-	244
Net loss on fair value change in financial instruments	166	-
Directors sitting fees	25	14
Miscellaneous expenses	105	15
Captive consumption of Cement	(385)	(101)
Total other expenses	**15,913**	**16,457**
Note (i):		
Payment to Auditors (net of taxes) comprises:		
For audit	62	57
For limited reviews	12	12
For other services	17	9
Reimbursement of expenses	-	1
Total	**91**	**79**

25. INCOME TAX EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Income tax recognized in the Statement of Profit & Loss		
Current Tax:		
In respect of the current year	6,610	850
	6,610	**850**
Deferred Tax		
In respect of current year origination and reversal of temporary differences	2,941	2,314
MAT Credit	-	(850)
	2,941	**1,464**
Total tax expense	**9,551**	**2,314**

Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/ (loss) before tax (A)	28,111	4,967
Statutory tax rate in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	9,822	1,735
Permanent difference		
Effect on Income disallowed under Income Tax Act, 1961	(30)	(12)
Effect on expenses disallowed under Income Tax Act, 1961	91	112
Effect on change in depreciation while filing Income tax return	6	(183)
Effect on change in Income tax rate	-	680
Effect of Tax paid at a lower rate	(287)	-
Others	(51)	(18)
Total	**(271)**	**579**
At the effective income tax rate	9,551	2,314
Total Tax expense	9,551	2,314

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Movement in deferred tax assets and liabilities for the year 2020-21:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Recognized through other comprehensive income	MAT Credit utilised	Closing balance
Property, plant and equipment and intangible assets	17,550	513	-	-	18,063
Provision for employee benefits	(449)	90	4	-	(355)
Expected credit loss allowance	(277)	(47)	-	-	(324)
MAT credit entitlement	(4,714)	-	-	2,372	(2,342)
Carry forward unabsorbed depreciation and business losses	(9,702)	2,353	-	-	(7,349)
Others	(136)	32	-	-	(104)
Total Deferred tax liability (Net)	**2,272**	**2,941**	**4**	**2,372**	**7,589**

Movement in deferred tax assets and liabilities for the year 2019-20:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Recognized through other comprehensive income	MAT Credit utilised	Closing balance
Property, plant and equipment and intangible assets	17,508	42	-	-	17,550
Provision for employee benefits	(352)	(76)	(21)	-	(449)
Expected credit loss allowance	(184)	(93)	-	-	(277)
MAT credit entitlement	(3,864)	(850)	-	-	(4,714)
Carry forward unabsorbed depreciation and business losses	(12,120)	2,418	-	-	(9,702)
Others	(159)	23	-	-	(136)
Total Deferred tax liability (Net)	**829**	**1,464**	**(21)**	**-**	**2,272**

Gross deferred tax assets and liabilities are as follows:

As at March 31, 2021	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(6,892)	11,171	18,063
Provision for employee benefits	51	(304)	(355)
Allowance for credit losses	77	(247)	(324)
MAT credit entitlement	-	(2,342)	(2,342)
Carry forward business losses and depreciation	7,349	-	(7,349)
Others	26	(78)	(104)
Total	**611**	**8,200**	**7,589**

As at March 31, 2020	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(6,710)	10,840	17,550
Provision for employee benefits	46	(403)	(449)
Allowance for credit losses	34	(243)	(277)
MAT credit entitlement	-	(4,714)	(4,714)
Carry forward business losses and depreciation	8,732	(970)	(9,702)
Others	17	(119)	(136)
Total	**2,119**	**4,391**	**2,272**

Income tax assets and liabilities

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income tax assets (net) (Net of provision of ₹ 4,415 (2019-20: ₹ 4,873))	450	465
Income tax liabilities (net) (Net of advance tax and TDS receivable for an amount of ₹ 3,807 (2019-20: ₹ 768))	1,170	602
Net Income tax liabilities	**(720)**	**(137)**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

26. COVID-19 is the infectious disease caused by the coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. The Group has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial results in determining the possible effects on the carrying amounts of Goodwill, Inventories, receivables, deferred tax assets and other current assets, that may result from the COVID-19 pandemic. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

27. CONTINGENT LIABILITIES, CORPORATE GUARANTEES AND CAPITAL COMMITMENTS

a) Contingent Liabilities:

Based on legal opinion/advice obtained, no financial implication to the group with respect to the following cases is perceived as on the Balance Sheet date.

(i) Claims against the Group not acknowledged as debt:

Particulars	As at March 31, 2021	As at March 31, 2020
Direct taxes related	2,020	1,928
Indirect taxes related	1,315	1,315
Others	428	428

(ii) The Finance Minister of Government of India has announced, in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the Group took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,612 (As at March 31, 2020: ₹ 1,612) from July 2010 to September 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 1,601 was reversed, but under protest. The balance of ₹ 11 pertains to penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. As at March 31, 2021, the matter is pending before the central excise department and pending resolution, CENVAT credit has not been availed by the Group.

(iii) The Honourable Supreme Court, has passed a decision on February 28, 2019 in relation to inclusion of certain allowances in "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The group is awaiting further clarifications from the judiciary/department in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the group, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, as till the date of approval of these financial statements.

b) Corporate Guarantees given to subsidiary companies:

Subsidiary	Guarantee against	Guarantee provided to	As at March 31, 2021	As at March 31, 2020
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	4,643
Jajpur Cements Private Limited	Term loan from Axis Bank Limited	Axis Bank Limited	20,000	20,000
Satguru Cement Private Limited	Term loan from Indus Ind Bank Limited	Axis Trustee Services Limited	31,000	27,500
Total			**70,643**	**67,143**

c) Capital Commitment:

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	**24,641**	**48,428**

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28. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors. The amount of dues payable to micro, small and medium enterprises is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	17	148
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act.	-	-

29. FINANCIAL INSTRUMENTS:

The significant accounting policies, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1(b)(xx) to the financial statements.

A) Capital Management:

The group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The capital structure of the group consists of net debt (borrowings as detailed in Notes 13 & 14 offset by cash and bank balances) and total equity of the group. The group is not subject to any externally imposed capital requirements. The group's management reviews the capital structure of the group on a monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Debt (Refer Note below)	81,890	49,969
Cash and cash equivalents and Other bank balances	25,419	1,275
Net debt	56,471	48,694
Total equity	1,25,804	1,02,059
Net debt to equity ratio	0.45	0.48

Note: Debt is defined as current and non-current borrowings as described in Notes 13 and 14.

B) Categories of financial instruments:

The carrying value and fair value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets		
Measured at fair value through profit and loss (FVTPL)		
Derivative Assets	6	172
Measured at amortised cost		
(i) Trade receivables	10,071	13,678
(ii) Cash and cash equivalents	22,514	290
(iii) Other bank balances	2,905	985
(iv) Other financial assets	2,115	1,881
Total Financial assets	**37,611**	**17,006**

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All amounts are in ₹ Lakhs unless otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
Financial liabilities		
Measured at amortised cost		
(i) Borrowings	80,648	48,801
(ii) Trade payables	22,899	22,300
(iii) Lease liabilities	235	278
(iv) Other financial liabilities	8,790	9,690
Total Financial liabilities	**1,12,572**	**81,069**

C) Financial risk management objectives:

The group's corporate finance function monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (includes interest rate risk), credit risk and liquidity risk. The group seeks to minimize the effects of these risks by continues monitoring on day to day basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate finance function reports monthly to the group's management, which monitors risks and policies implemented to mitigate risk exposures.

D) Market risk:

The group's activities expose it primarily to the financial risk of changes in interest rates. The group seeks to minimize the effect of this risk by continues monitoring and take appropriate steps to mitigate the aforesaid risk.

Interest rate risk management:

The group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group's: Profit for the year ended March 31, 2021 would decrease/increase by ₹ 409 (for the year ended March 31, 2020: decrease/increase by ₹ 250). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Group. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	7	41,96,800	3,097	Buy	Rupees

Notes to the Consolidated Financial Statements

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E) Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The group does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year. The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

F) Liquidity Risk Management:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they become due. The group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the group has unutilised credit limits with banks. The group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2021 and March 31, 2020. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The group regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing short term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities

Financing facilities:

Particulars	As at March 31, 2021	As at March 31, 2020
Secured bills acceptance facility, reviewed annually		
- amount used	5,404	8,158
- amount unused	7,096	2,342
Total	**12,500**	**10,500**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	10,217	14,063
- amount unused	6,983	3,137
Total	**17,200**	**17,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	46,756	33,938
- amount unused	6,898	35,555
Total	**53,654**	**69,493**
Secured non-convertible debentures		
- amount used	10,385	12,692
- amount unused	-	-
Total	**10,385**	**12,692**

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	22,899	-	-
Lease liabilities	47	30	158
Other financial liabilities	1,791	903	6,096
Borrowings (including current maturities of non-current borrowings)	16,845	9,367	54,436

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	22,300	-	-
Lease liabilities	22	161	95
Other financial liabilities	2,674	411	6,605
Borrowings (including current maturities of non-current borrowings)	20,077	6,274	22,450

Notes to the Consolidated Financial Statements

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30. EMPLOYEE BENEFITS:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated ₹ 341 (2019–20: ₹ 314). In the financial year 2020-21, as the project is under implementation, provident fund expenditure of ₹ 27 (2019–20: ₹ 5) relating to Jajpur Cements Private Limited and Satguru Cement Private Limited transferred to CWIP.

Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administrated by Life Insurance Corporation of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated ₹ 34 (2019–20: ₹ 37).

Employee State Insurance

The group makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated ₹ 3 (2019–20: ₹ 6).

(ii) Defined benefit plan:

Gratuity:

In accordance with the 'Payment of Gratuity Act, 1972 of India, the group provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by Life Insurance Corporation of India.

The following table sets out the funded status of the gratuity plan and the amounts to be recognized in the financial statements as per actuarial valuation as at March 31, 2021 and March 31, 2020:

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	6.46% - 6.92%	6.65% - 6.76%
Expected rate of return on plan asset	7.26% - 7.60%	7.50% - 7.65%
Expected average remaining working lives of employees	10.49 – 20.22 years	15.53 years
Rate of escalation in salary	10%	10%
Attrition rate	10%	10%

b) Components of Defined benefit costs recognized in profit and loss and other comprehensive income:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	187	176
Interest expense	89	98
Other adjustments	6	2
Expected return on plan assets	(45)	(47)
Defined benefit cost included in profit and loss	**237**	**229**
Re-measurement effects recognized in Other Comprehensive Income (OCI):		
Actuarial loss	(11)	60
Components of defined benefit costs recognized in OCI	**(11)**	**60**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Present value of funded defined benefit obligations	1,560	1,455
Fair value of plan assets	(904)	(501)
Net liability arising from defined benefit obligation	656	954

d) **Movements in present value of defined benefits obligation are as follows:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Defined benefit obligation at the beginning of the year	1,455	1,174
Current service cost	187	176
Interest cost	89	98
Re-measurements - Actuarial loss	(11)	60
Benefits paid out of plan assets and by employer	(160)	(53)
Other adjustments	-	-
Defined benefit obligation at the year end	**1,560**	**1,455**

e) **Maturity profile of defined benefit obligation:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within 1 year	321	261
1 – 2 years	156	167
2 – 3 years	170	166
3 – 4 years	170	151
4 – 5 years	123	152
5 – 10 years	599	554

f) **Movements in fair value of plan assets are as follows:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of the plan assets	501	464
Expected return on plan assets	45	47
Contributions from the employer	485	42
Benefits paid out of plan assets	(122)	(52)
Re-measurement – Actuarial loss	-	-
Acquisition Adjustment/ New Policy/Premium Expenses	(5)	-
Fair value of plan asset at the year end	**904**	**501**

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 March 31, 2021		For the year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	1,398	1,554	1,308	1,458
Effect of 1% change in assumed salary rate	1,552	1,395	1,454	1,308
Effect of 1% change in assumed attrition rate	1,460	1,485	1,368	1,391

The group is expected to contribute ₹ 566 lakhs to its defined benefit plans during the next financial year.

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Compensated absences:

The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at period-end. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to the Statement of Profit and Loss in the period determined.

The key assumptions as provided by an independent actuary, used in the computation of provision for compensated absences are as given below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount Rate	6.46% - 6.92%	6.65% - 6.76%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

The group has made provision for compensated absences based on the actuarial valuation.

31. SEGMENT REPORTING:

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance.

The Group has identified business segments as its reportable segment. Business segments are primarily cement manufacturing segment and power generation segment. No operating segments have been aggregated in arriving at the reportable segments of the Group. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Property, plant and equipment is being allocated to reportable segment distinctly identified to power is allocated to power segment and remaining is allocated to cement segment.

Particulars	Manufacturing of cement		Power generation		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue	1,36,812	1,17,364	8,861	8,701	1,45,673	1,26,065
Less: Inter-segment revenue	-	-	8,541	8,550	8,541	8,550
Total	**1,36,812**	**1,17,364**	**320**	**151**	**1,37,132**	**1,17,515**
Segment result	32,500	11,072	(61)	(145)	32,439	10,927
Unallocable:						
- Finance Costs					4,656	6,099
- Interest income					(328)	(139)
Profit before taxes					28,111	4,967
Tax expense					(9,551)	(2,314)
Profit for the year					**18,560**	**2,653**

Particulars	Manufacturing of cement		Power generation		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Segment assets	1,93,252	1,52,738	32,623	33,234	2,25,875	1,85,972
Un-allocable assets					31,589	7,903
Total assets					**2,57,464**	**1,93,875**
Segment liabilities	39,434	35,117	265	946	39,699	36,063
Un-allocable liabilities					91,961	55,753
Total liabilities					**1,31,660**	**91,816**

Revenue from major Customers:

The Group is not reliant on revenues from transactions with any single external customer and did not receive 10% or more of its revenues from transactions with any single customer for the year ended March 31, 2021 and March 31, 2020.

Notes to the Consolidated Financial Statements

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32. RELATED PARTY DISCLOSURES:

The list of related parties of the Group is given below:

Name	Relationship
Key managerial personnel (KMP):	
Kolappa Thanu Pillai	Chairman of the Board of Directors
Onteddu Swaminatha Reddy	Chairman of the Board of Directors (Upto June 24, 2020)
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Onteddu Rekha	Director
N. Sudha Rani	Nominee Director
T. Nagesh Reddy	Nominee Director (Upto December 30, 2020)
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Bertrand	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
Relatives of KMP:	
S. Vanajatha	Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy
S. Siddarth Reddy	Son of Dr. S. Anand 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 March 31, 2021	For the year ended March 31, 2020
Purchase of packing materials	Panchavati Polyfibres Limited	5,680	4,777
Purchase of property, plant and equipment	RV Consulting Services Private Limited	6,340	733
Rent expenses paid	Dr. S. Anand Reddy	39	39
	S. Sreekanth Reddy	39	39
	S. Vanajatha	39	39
	Total	**117**	**117**
Interest expense on loan	Sagar Power Limited	99	99
Services received	Sagarsoft (India) Limited	56	42
	RV Consulting Services Private Limited	-	499
	Total	**56**	**541**
Reimbursement of expenses received	Sagarsoft (India) Limited	8	16
	RV Consulting Services Private Limited	8	7
	Panchavati Polyfibres Limited	6	2
	Sagar Power Limited	3	-
	Total	**25**	**25**
Payment of salary	S. Siddarth	2	-
Received against warrant conversion	RV Consulting Services Private Limited	2,190	6,023
	AVH Resources India Private Limited	4,243	4,243
	Total	**6,433**	**10,266**
Dividend paid	S. Vanajatha	64	25
	RV Consulting Services Private Limited	103	-
	S. Siddarth	53	-
	Panchavati Polyfibres Limited	2	1
	AVH Resources India Private Limited	334	90
	Total	**556**	**116**

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Compensation to key managerial personnel:

Nature of transaction	Party name	For the year ended March 31, 2021	For the year ended March 31, 2020
Short-term benefits	MD, JMD, CS and CFO	1,504	664
Sitting fee	Chairman, MD, JMD, CS, CFO and Directors	25	14
Dividend paid	MD, JMD, CS, CFO and Directors	242	134

Outstanding balances:

Nature of transaction	Party name	As at March 31, 2021	As at March 31, 2020
Advances & deposits given	Sagar Power Limited	-	1
	RV Consulting Services Private Limited	-	6
	Sagarsoft (India) Limited	-	-
	Total	-	**7**
Loans taken	Sagar Power Limited	900	900
Trade payables	Sagarsoft (India) Limited	-	1
	Panchavati Polyfibres Limited	796	737
	Total	**796**	**738**
Interest payable	Sagar Power Limited	-	11
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	-	88
Capital advances	RV Consulting Services Private Limited	4,298	4,539
Outstanding warrants	RV Consulting Services Private Limited (Nil (2019-20: 4.00) lakh warrants)	-	2,190
	AVH Resources India Private Limited (Nil (2019-20: 7.75) lakh warrants)	-	4,243
	Total	-	**6,433**

33. OPERATING LEASE

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Operating lease commitments

The group lease asset classes primarily consist of leases for land and buildings. The group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses incremental borrowing rate.

The group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized 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 April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 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 March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 1,331 and a lease liability of ₹ 408 .

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Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	1,176	-
Reclassification on adoption of Ind AS 116	-	648
Recognition on adoption of Ind AS 116	-	683
Additions	101	
Depreciation	(161)	(155)
Closing Balance	**1,116**	**1,176**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss, eligible expenditure relating to Jajpur Cements Private Limited and Satguru Cement Private Limited has transferred to CWIP, as the projects are under implementation.

The following is the movement in lease liabilities during the year ended March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	278	-
Recognition on adoption of Ind AS 116	-	408
Additions	101	
Finance cost accrued during the year	23	12
Payment of lease liabilities	(167)	(142)
Closing Balance	**235**	**278**

The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Non-current lease liabilities	188	256
Current lease liabilities	47	22
Total	**235**	**278**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on discounted basis

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within one year	47	22
After one year but not more than five years	87	191
More than 5 years	101	65

34. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after tax (₹ in lakhs)	18,560	2,653
Weighted average number of equity shares outstanding (Refer Note below)	23,130,822	21,471,653
Earnings per share:		
Basic and Diluted (in ₹)	80.24	12.36

Note: The convertible share warrants allotted by the Company are anti-dilutive in nature for the previous financial year. There are no more outstanding warrants requiring further conversion into equity shares as on March 31, 2021.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

35. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

As per Section 135 of the Companies Act, 2013, the amount required to be spent by the group for the year is ₹ 106 (2019-20: ₹ 91) i.e., 2% of average net profits for previous three financial years, calculated as per Section 198 of the Companies Act, 2013. 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 details of amount spent by the group are:

CSR Activities	In Cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
	(-)	(-)	(-)
(ii) On purposes other than (i) above	130	-	130
	(84)	(-)	(84)

Amounts in the brackets indicate the previous year numbers.

36. During the year ended March 31, 2019, Parent made a preferential allotment of 31,00,000 convertible warrants of ₹ 730 each to promoter and non-promoter entities on January 24, 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 MT 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 MT per annum at Odisha respectively and for other general corporate purposes.

During the year ended March 31, 2021, the warrant holders opted to convert 12,25,000 (March 31, 2020: 18,75,000) warrants to equal number of equity shares and basis of this 75% of the consideration against warrants as converted of ₹ 6,706 (March 31, 2020: ₹ 10,266) was received. The entire amount was utilized for the purposes for which funds were raised. With the said conversion, there are no more outstanding warrants requiring further conversion into equity shares (March 31, 2020: 12,25,000 warrants outstanding, consideration of ₹ 2,236 received against the outstanding warrants pending conversion to equity shares are disclosed under Money received against share warrants under 'Other Equity').

The Company acquired 100% equity stake in JCPL on May 02, 2019 for a consideration of ₹ 450 and subsequently infused ₹ 3,450 as additional equity into JCPL.

During the year ended March 31, 2020, the Company also invested an amount of ₹ 15,000 in SCPL on May 08, 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 has been disbursed in the year ended March 31, 2021. Further, the Company has infused an amount of ₹ 4,325 as additional equity into JCPL in the year ended March 31, 2021.

37. Parent is eligible for reimbursement of sales tax against sales made in the state of Andhra Pradesh and reimbursement of power consumption changes, in respect of expansion of grinding unit at Bayyavaram Unit. Such reimbursements are in the nature of government grants and recognized income aggregating ₹ 1,714 (2019-20: ₹ 1,072) under 'Other operating income'.

38. Following subsidiaries has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Principal place of business	Ownership held by	% of Holding and voting power held directly	
				As at March 31, 2021	As at March 31,2020
Sagar Cements (R) Limited	Subsidiary	India	Sagar Cements Limited	100%	100%
Jajpur Cements Private Limited	Subsidiary	India	Sagar Cements Limited	100%	100%
Satguru Cement Private Limited	Subsidiary	India	Sagar Cements Limited	65%	65%

39. Disclosure of additional information as required by Paragraph 2 of the General instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013:

As at and for the year ended March 31, 2021:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit and loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	99%	1,24,633	87%	16,196	114%	8	87%	16,204
Sagar Cements (R) Limited (Subsidiary)	14%	17,060	16%	2,846	(14)%	(1)	16%	2,845
Satguru Cement Private Limited (Subsidiary)	12%	15,699	(1)%	(119)	-	-	(1)%	(119)
Jajpur Cement Private Limited (Subsidiary)	6%	8,225	(1)%	(131)	-	-	(1)%	(131)
Adjustments arising out of consolidation	(27)%	(34,462)	(1)%	(190)	-	-	(1)%	(190)
Non-controlling interests	(4)%	(5,351)	(0)%	(42)	-	-	(0)%	(42)
Total	**100%**	**1,25,804**	**100%**	**18,560**	**100%**	**7**	**100%**	**18,567**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

As at and for the year ended March 31, 2020:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit and loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	107%	1,03,251	130%	3,473	108%	(42)	130%	3,431
Sagar Cements (R) Limited (Subsidiary)	6%	5,710	(19)%	(501)	(8)%	3	(19)%	(498)
Satguru Cement Private Limited (Subsidiary)	16%	15,409	(0)%	(11)	-	-	(0)%	(11)
Jajpur Cement Private Limited (Subsidiary)	4%	4,031	(2)%	(57)	-	-	(2)%	(57)
Adjustments arising out of consolidation	(27)%	(26,342)	(8)%	(215)	-	-	(8)%	(215)
Non-controlling interests	(6)%	(5,393)	(1)%	(18)	-	-	(1)%	(18)
Total	**100%**	**96,666**	**100%**	**2,671**	**100%**	**(39)**	**100%**	**2,632**

Note :

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impact on elimination of intercompany transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.

40. RECONCILIATION OF REVENUE AS PER CONTRACT PRICE AND RECOGNISED IN STATEMENT OF PROFIT AND LOSS:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per Contract price	1,57,785	1,32,730
Less: Discounts and incentives	(22,848)	(16,889)
Revenue as per statement of profit and loss	1,34,937	1,15,841

- 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 provide performance warranty for products, therefore there is no liability towards performance warranty.
- The Company does not have any material performance obligations which are outstanding as at the year-end as the contracts entered for sale of goods are for short term in nature.

41. During the year ended March 31, 2021, Sagar Cements (R) Limited, the wholly owned subsidiary Company has issued 1,21,50,000 equity shares of ₹ 10/- each at a premium of ₹ 60/- per share to Parent Company. Consequent to the issue of fresh equity shares, total no. of equity shares increased to 11,59,62,925 and paid up share capital increased to ₹ 11,596. The above shares were issued against the interest accrued payable on unsecured loan and advances payable of an amount of ₹ 3,614 and ₹ 4,814 respectively and balance share issue amount of ₹ 77 paid in cash.

42. The Board of Directors of the Company in their meeting held on May 12, 2021 have recommended for approval of the shareholders a dividend at ₹ 6.50 per equity share of ₹ 10 each (65%) on the 2,35,00,000 equity shares of the Company, which includes two interim dividends aggregating to ₹ 4 per equity share (40%), already paid during the financial year 2020-21. Proposed dividend of ₹ 2.50 per equity share is not recognised as a liability as at March 31, 2021.

43. The Board of Directors of Sagar Cements Limited in their meeting held on April 26, 2021 have approved the Scheme of Amalgamation of its wholly owned subsidiary Sagar Cements (R) Limited (SCRL) with Sagar Cements Limited with effect from March 30, 2021 (Appointed date). The scheme is subject to necessary approval from the authorities concerned under section 230 and 232 of the Companies Act 2013. Upon approval of the Scheme from the concerned authorities, the undertakings of Sagar Cements (R) Limited shall get transferred to and vested in Sagar Cements Limited with effect from March 30, 2021 or such other date as the Hon'ble National Company Law Tribunal may approve. Pending such approval from authorities, the effect of merger has not been given in the financial statements of the Group.

44. The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received presidential assent in September 2020. The code has been published in the Gazette of India. However, the date on which the code will come into effect has not been notified. The Group will assess the impact of the code when it comes into effect and will any related impact in the period the code becomes effective.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

45. GOODWILL ARISING ON ACQUISITION OF SATGURU CEMENT PRIVATE LIMITED AND JAJPUR CEMENTS PRIVATE LIMITED DURING THE FINANCIAL YEAR 2019-20:

On May 08, 2019, Sagar Cements Limited acquired 65% stake in Satguru Cement Private Limited by way of subscribing to 289 lakh equity shares allotted on preferential basis. The total cost of acquisition was ₹ 15,000. The purchase price has been allocated based on management's estimates and independent appraisal of fair values. The goodwill has been determined as follows:

Particulars	Amount (₹)	Amount (₹)
Consideration paid		15,000
Assets		
Non-current	20,263	
Current	1,615	
	21,878	
Liabilities		
Non-current	235	
Current	1,456	
	1,691	
Less: Net assets of Satguru Cement Private Limited as on May 08, 2019		20,187
Less: Non-controlling interest as on May 08, 2019		5,411
Goodwill on Consolidation		**224**

On May 02, 2019, Sagar Cements Limited acquired 100% stake in Jajpur Cements Private Limited. The total cost of acquisition was ₹ 450. The goodwill has been determined as follows

Particulars	Amount (₹)	Amount (₹)
Consideration paid		450
Assets		
Non-current	818	
Current	355	
	1,173	
Liabilities		
Non-current	46	
Current	742	
	788	
Less: Net assets of Jajpur Cements Private Limited as on May 02, 2019		385
Goodwill on Consolidation		**65**

46. These consolidated financial statements were approved by the Company's Board of Directors on May 12, 2021.

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: May 12, 2021