Independent Auditor's Report

To The Members of Sagar Cements Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial 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 state of affairs of the Company as at March 31, 2021 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the 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 41 of the Standalone financial statements)** • Revenue is measured net of discounts earned by customers on the Company's sales. • Due to the Company's presence across different marketing regions within the country and the competitive business environment, price 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 equalizer 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.	**Principal audit procedures performed:** • Assessed the appropriateness of the Company'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 Company's internal controls over the approvals, calculation, accounting and issuance of credit notes. • Obtained and inspected, on a sample basis, supporting documentation for price 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 Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Integrated report and Management Discussion and Analysis Report including Annexures and Corporate Governance Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The reports are expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the other information 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 Standalone Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

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

e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

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

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 21201193AAAADJ2094)

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")

We have audited the internal financial controls over financial reporting of **Sagar Cements Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 21201193AAAADJ2094)

Place: Hyderabad
Date: May 12, 2021

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

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

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lender. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts has been regular and interest have been regular as per stipulations except for interest relating to one loan, which has not been repaid owing to certain contractual obligations which prevent the party from repayment.

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit falling under the purview of the provisions of section 73 to 76 of the Companies Act, 2013 during the year and does not have any unclaimed deposits, and hence reporting under clause (v) of the order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Entry Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the Amount relates	Amount involved (₹ Lakhs)	Amount Unpaid (₹ Lakhs)
Central Excise Act, 1944	Excise Duty	CESTAT	2011-12 to 2012-13	214	168
		Commissioner of Appeals	2010-11 to 2017-18	1,301	11
		Assistant Commissioner	2014 -15 to 2015-16	41	41
Sales Tax and VAT laws	Sales Tax and VAT	Sales Tax Appellate Tribunal	1999-2000	20	15
		High Court of Telangana and Andhra Pradesh	2010-11	7	7
		High Court of Telangana	2017-18 to 2018-19	209	157
The Customs Act, 1962	Customs Duty	CESTAT	2012-13	193	189
The Finance Act, 1994	Service Tax	Assistant Commissioner	2016-17 to 2017-18	181	175
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2009-10 to 2010-11	28	28
		Commissioner of Income-tax (Appeals)	2012-13	25	-
		Commissioner of Income-tax (Appeals)	2017-18	92	92
Local Areas Act, 2001	Entry Tax	Additional Divisional Commissioner, Rural Division, Hyderabad	2012-13 to 2015-16	11	7
		High Court of Telangana and Andhra Pradesh	2016-17 to 2017-18	88	66

There are no dues of Goods and Services Tax as on March 31, 2021 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

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

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

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

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

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

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

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 21201193AAAADJ2094)

Place: Hyderabad
Date: May 12, 2021

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	79,241	83,275
(b) Capital work-in-progress		2,536	1,983
(c) Intangible assets	3	23	13
(d) Right of use assets	4	55	130
(e) Financial assets			
(i) Investments	5	62,128	47,726
(ii) Loans	6	2,500	-
(iii) Other financial assets	7	1,263	1,381
(f) Income tax assets (net)	27	274	308
(g) Other non-current assets	8	1,160	859
Total Non-current assets		**1,49,180**	**1,35,675**
Current assets			
(a) Inventories	9	9,197	8,067
(b) Financial assets			
(i) Trade receivables	10	7,305	9,486
(ii) Cash and cash equivalents	11	19,433	171
(iii) Bank balances other than cash and cash equivalents	12	914	843
(iv) Loans	6	-	1,500
(v) Other financial assets	7	252	4,614
(c) Other current assets	8	4,649	7,258
Total Current assets		**41,750**	**31,939**
TOTAL ASSETS		**1,90,930**	**1,67,614**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	2,350	2,228
(b) Other equity	14	1,22,283	1,01,023
Total Equity		**1,24,633**	**1,03,251**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	12,397	11,514
(ii) Lease liabilities	36	41	126
(iii) Other financial liabilities	16	5,700	8,683
(b) Provisions	17	490	843
(c) Deferred tax liabilities (net)	27	8,200	4,391
(d) Other non-current liabilities	18	179	179
Total Non-current liabilities		**27,007**	**25,736**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	9,708	10,765
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		13	125
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		17,491	16,729
(iii) Lease liabilities	36	20	10
(iv) Other financial liabilities	16	3,983	6,886
(b) Provisions	17	376	308
(c) Income tax liabilities (net)	27	1,170	602
(d) Other current liabilities	18	6,529	3,202
Total Current liabilities		**39,290**	**38,627**
Total Liabilities		**66,297**	**64,363**
TOTAL EQUITY AND LIABILITIES		**1,90,930**	**1,67,614**
Corporate information and significant accounting policies	1		
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
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

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	19	1,00,170	84,758
II	Other income	20	2,069	1,632
III	**Total Income (I + II)**		**1,02,239**	**86,390**
IV	**Expenses**			
	(a) Cost of materials consumed	21	15,210	15,983
	(b) Purchases of stock-in-trade	22a	2,028	4,117
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22b	1,389	(602)
	(d) Employee benefit expenses	23	6,604	5,570
	(e) Finance costs	24	2,525	3,392
	(f) Depreciation and amortisation expense	25	5,620	5,507
	(g) Power and fuel expenses		17,536	21,675
	(h) Freight and forwarding		15,563	14,171
	(i) Other expenses	26	11,525	11,954
	Total Expenses		**78,000**	**81,767**
V	**Profit before tax (III - IV)**		**24,239**	**4,623**
VI	**Tax expense**			
	(a) Current tax	27	6,610	850
	(b) Deferred tax	27	1,433	300
	Total Tax expense		**8,043**	**1,150**
VII	**Profit after tax (V - VI)**		**16,196**	**3,473**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit and loss			
	(a) Remeasurement of the defined benefit plan		12	(64)
	(ii) Income tax relating to items that will not be reclassified to profit and loss		(4)	22
	Other comprehensive income for the year, net of tax		**8**	(42)
IX	**Total comprehensive income (VII + VIII)**		**16,204**	3,431
X	**Earnings per share (Face value of ₹ 10 each)**			
	Basic and Diluted	37	70.02	16.17
	Corporate information and significant accounting policies	1		
	See accompanying notes forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
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

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 as at March 31, 2021	**2,350**

B. OTHER EQUITY

Particulars	Reserves and surplus				Other items of other comprehensive income	Money received against share warrants	Total other equity
	Capital reserve	Securities premium account	General reserve	Retained earnings			
Balance as at March 31, 2019	**35**	**32,007**	**3,598**	**46,981**	**(150)**	**5,658**	**88,129**
Profit for the year	-	-	-	3,473	-	-	3,473
Dividend on equity shares (including tax)	-	-	-	(615)	-	-	(615)
Other comprehensive income for the year (net of tax ₹ 22)	-	-	-	-	(42)	-	(42)
Money received against share warrant (Refer Note 39)	-	-	-	-	-	10,266	10,266
Allotment of equity shares upon conversion of warrants (Refer Note 39)	-	-	-	-	-	(188)	(188)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	-	13,500	-	-	-	(13,500)	-
Balance as at March 31, 2020	**35**	**45,507**	**3,598**	**49,839**	**(192)**	**2,236**	**1,01,023**
Profit for the year	-	-	-	**16,196**	-	-	**16,196**
Dividend on equity shares	-	-	-	(1,528)	-	-	(1,528)
Other comprehensive income for the year (net of tax ₹ 4)	-	-	-	-	8	-	8
Money received against share warrant (Refer Note 39)	-	-	-	-	-	6,706	6,706
Allotment of equity shares upon conversion of warrants (Refer Note 39)	-	-	-	-	-	(122)	(122)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	-	8,820	-	-	-	(8,820)	-
Balance as at March 31, 2021	**35**	**54,327**	**3,598**	**64,507**	**(184)**	**-**	**1,22,283**

See accompanying notes forming part of the Standalone 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

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		16,196		3,473
	Adjustments for				
	Tax expense	8,043		1,150	
	Depreciation and amortization expense	5,620		5,507	
	Finance costs	2,525		3,392	
	Interest income	(1,707)		(1,447)	
	Liabilities no longer required written back	(31)		(22)	
	Advances written off	-		25	
	Expected credit loss allowance on trade receivables	12		215	
	Unrealised loss on foreign currency transactions and translation	16		169	
	Net loss/ (gain) on fair value change in financial instruments	120		(125)	
	Profit on sale of property, plant and equipment (net)	(50)		(33)	
	Incentives received from government	(1,714)		(1,072)	
			12,834		7,759
	Operating profit before working capital changes		**29,030**		**11,232**
	Changes in working capital				
	Adjustments for (increase)/decrease in operating assets:				
	Trade receivables	2,169		(1,887)	
	Inventories	(1,130)		2,544	
	Other financial assets	203		(51)	
	Other assets	(502)		1,060	
			740		1,666
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	665		1,695	
	Other financial liabilities	(75)		1,234	
	Provisions	(273)		221	
	Other liabilities	3,327		(1,573)	
			3,644		1,577
	Cash generated from operating activities		**33,414**		**14,475**
	Less: Income tax paid		(3,635)		(1,004)
	Net cash generated from operating activities		**29,779**		**13,471**
B	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances	(2,608)		(6,682)	
	Deposits not considered as cash and cash equivalents				
	- Placed	(178)		(1,760)	
	- Matured	-		2,166	
	Proceeds from disposal of plant and equipment	103		66	
	Investments in subsidiaries during the year	(10,502)		(12,800)	
	Interest received	1,044		153	
	Net cash used in investing activities		**(12,141)**		**(18,857)**

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 on allotment of equity shares upon conversion of warrants	6,706		10,266	
	Proceeds from non-current borrowings	5,701		12,394	
	Repayment of non-current borrowings	(4,433)		(15,326)	
	Repayment of unsecured loans from related party	1,500		500	
	Payment of unsecured loans to related parties	(2,500)		-	
	Proceeds from current borrowings (net)	(1,057)		110	
	Repayment of lease liabilities	(126)		(117)	
	Finance costs	(2,639)		(3,439)	
	Dividends paid including tax	(1,528)		(615)	
	Net cash generated from financing activities		**1,624**		**3,773**
	Net increase/ (decrease) in cash and cash equivalent (A+B+C)		**19,262**		**(1,613)**
	Cash and cash equivalent at the beginning of the year		171		1,784
	Cash and cash equivalent at the end of the year (Refer Note 11)		**19,433**		171
	Note:				
	Cash and cash equivalents comprises of:				
	Cash in hand		1		4
	Balances with banks		582		167
	Deposits with banks		18,850		-
	Cash and cash equivalents (Refer Note 11)		**19,433**		**171**

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 maturities)	14,792	5,701	(4,433)	-	16,060
Short-term borrowings	10,765	-	(1,057)	-	9,708
Total liabilities from financing activities	**25,557**	**5,701**	**(5,490)**	**-**	**25,768**

Particulars	As at April 01, 2019	Proceeds	Repayment	Fair value changes	As at March 31, 2020
Long-term borrowings (including current maturities)	17,724	12,394	(15,326)	-	14,792
Short-term borrowings	10,655	551	(441)	-	10,765
Total liabilities from financing activities	**28,379**	**12,945**	**(15,767)**	**-**	**25,557**

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	136	43	8	(126)	61

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	-	242	11	(117)	136

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 Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Corporate Information:

Sagar Cements Limited ("the Company") was incorporated under the Companies Act, 1956 as a public limited company on January 15, 1981. The Company is engaged in the business of manufacture and sale of cement. The Company has its registered office at Hyderabad, Telangana. Its shares are listed on The National Stock Exchange (NSE) and the BSE Limited of India.

b) Significant accounting policies

i) Statement of compliance

The 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 Company has consistently applied accounting policies to all periods.

ii) Basis of preparation and presentation

These 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 Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for net realisable value in

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

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

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

iii) Functional and Presentation currency

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

Rounding of amounts

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

iv) Use of estimates and Judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- **Useful lives of property, plant and equipment and amortisation** of intangible assets
  Depreciation on plant and machinery, railway siding and land restoration is calculated on a straight-line basis and property, plant and equipment other than stated above and amortisation of intangible assets is calculated on a diminishing balance method basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment and intangibles as 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.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

This reassessment may result in change in depreciation expense in future periods.

- **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 Company 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 Company is exposed are assessed by management and in certain cases with the support of external specialised lawyers.

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

- **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 Company 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 Company 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 Company'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.

- **Impairment of investments in subsidiaries**
Determining whether the investments in subsidiaries, are impaired requires an estimate of the value in use of investments. In considering the value in use, the management has anticipated the capacity utilisation of plants, operating margins, mineable resources and availability of infrastructure of mines, and other factors of the underlying businesses/operations of the investee Companies. Any subsequent changes to the cash flows due to changes in the above-mentioned factors could impact the carrying value of investments.

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

v) Revenue recognition:

The Company derives revenue from the sale of cement and 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 Company is entitled to, on grounds of prudence are accounted on admittance basis.

Dividend and interest income

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

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

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

vi) Borrowing costs

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

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

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

vii) Government grants

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

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

b) The grant will be received.

viii) Employee benefits

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

Defined Contribution Plans:

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense 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.

ix) 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

Notes to the Standalone Financial Statements

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

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

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

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.

x) Property, plant and equipment

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

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 Company'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 diminishing balance 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 installations	15 years and 25 years

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

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

All amounts are in ₹ Lakhs unless otherwise stated

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

Land-Restoration:

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

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

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

xi) Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a diminishing balance method over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

xii) Inventories

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

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

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.

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

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

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

xiv) Foreign currency transactions and translations:

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

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

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

xv) Financial Instruments:

(A) Initial recognition:

Financial assets and financial liabilities are 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:

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

a. **Financial assets carried at amortized cost:** A financial asset is subsequently measured at amortized 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 other than investment in equity instruments of subsidiaries 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.

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

f. Investment in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

(C) De-recognition of financial assets and liabilities:

a. **Financial assets:**

The Company 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 Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company 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 Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

xvi) Impairment of assets

a. **Financial assets:**

The Company 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

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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 Company 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 Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is 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 amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

c. **Impairment of investment in subsidiaries**

Determining whether the investments in subsidiaries are impaired requires an estimate of the value in use of investments. In considering the value in use, the management has anticipated the capacity utilisation of plants, operating margins, mineable resources and availability of infrastructure of mines, and other factors of the underlying businesses/operations of the investee Companies. Any subsequent changes to the cash flows due to changes in the above-mentioned factors could impact the carrying value of investments

xvii) Earnings per share

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

xviii) Provisions

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

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

xix) Leases

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

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

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee,

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except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company 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 Company changes its assessment if whether it will exercise an extension or a termination option.

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

xx) Operating cycle

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

xxi) 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.

xxii) 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.

2. PROPERTY, PLANT AND EQUIPMENT

Particulars	As at March 31, 2021	As at March 31, 2020
Land - freehold	7,045	7,051
Land - restoration	125	134
Buildings	16,174	17,401
Plant and machinery	45,732	47,673
Furniture and fittings	130	171
Office and other equipment	1,078	1,118
Electrical installations	3,381	3,887
Computers	52	48
Vehicles	204	223
Railway siding	5,320	5,569
Total	79,241	83,275

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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 siding	Total
I. Gross block											
Opening Balance	**7,051**	**179**	**25,551**	**69,439**	**837**	**4,516**	**8,757**	**292**	**880**	**6,684**	**1,24,186**
Add: Additions	-		235	810	2	173	182	30	88	-	1,520
Less: Disposals	6		-	18	-	-	13	-	148	-	185
Balance as at March 31, 2021	**7,045**	**179**	**25,786**	**70,231**	**839**	**4,689**	**8,926**	**322**	**820**	**6,684**	**1,25,521**
II. Accumulated depreciation											
Opening Balance	-	**45**	**8,150**	**21,766**	**666**	**3,398**	**4,870**	**244**	**657**	**1,115**	**40,911**
Add: Depreciation expense	-	9	1,462	2,735	43	213	678	26	86	249	5,501
Less: Eliminated on disposal of assets	-			2	-	-	3	-	127	-	132
Balance as at March 31, 2021	-	**54**	**9,612**	**24,499**	**709**	**3,611**	**5,545**	**270**	**616**	**1,364**	**46,280**
Net block (I-II)											
Carrying value as at March 31, 2021	**7,045**	**125**	**16,174**	**45,732**	**130**	**1,078**	**3,381**	**52**	**204**	**5,320**	**79,241**
Carrying value as at March 31, 2020	7,051	134	17,401	47,673	171	1,118	3,887	48	223	5,569	83,275

For the year 2019-20

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross block											
Opening Balance	**7,051**	**179**	**22,065**	**59,535**	**802**	**4,206**	**7,737**	**269**	**962**	**6,684**	**1,09,490**
Add: Additions	-	-	3,486	9,936	35	310	1,045	23	57	-	14,892
Less: Disposals	-	-	-	32	-	-	25	-	139	-	196
Balance as at March 31, 2020	7,051	179	25,551	69,439	837	4,516	8,757	292	880	6,684	1,24,186
II. Accumulated depreciation											
Opening Balance	-	**36**	**6,730**	**19,173**	**616**	**3,159**	**4,197**	**219**	**684**	**866**	**35,680**
Add: Depreciation expense	-	9	1,420	2,606	50	239	697	25	99	249	5,394
Less: Eliminated on disposal of assets	-	-	-	13	-	-	24	-	126	-	163
Balance as at March 31, 2020	-	45	8,150	21,766	666	3,398	4,870	244	657	1,115	40,911
Net block (I-II)											
Carrying value as at March 31, 2020	**7,051**	**134**	**17,401**	**47,673**	**171**	**1,118**	**3,887**	**48**	**223**	**5,569**	**83,275**
Carrying value as at March 31, 2019	7,051	143	15,335	40,362	186	1,047	3,540	50	278	5,818	73,810

Pledge on property, plant and equipment:

1. Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 79,037 (March 31, 2020: ₹ 83,052) 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 15.
2. Vehicles with carrying amount of ₹ 204 (March 31, 2020: ₹ 223) are hypothecated to respective banks against vehicle loans.

Notes to the Standalone Financial Statements

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3. INTANGIBLE ASSETS

Particulars	As at March 31, 2021	As at March 31,2020
Computer software	23	13
Total	23	13

Computer Software:

Particulars	As at March 31, 2021	As at March 31,2020
I. Gross block		
Opening Balance	267	267
Add: Additions	11	-
Less: Disposals	-	-
Closing Balance	278	267
II. Accumulated amortisation		
Opening Balance	254	253
Add: Amortisation expense	1	1
Less: Eliminated on disposal of assets	-	-
Closing Balance	255	254
Net block (I-II)		
Carrying Value	23	13

4. RIGHT OF USE ASSETS

Particulars	As at March 31, 2021	As at March 31,2020
Buildings	55	130
Total	55	130

Buildings:

Particulars	As at March 31, 2021	As at March 31,2020
I. Gross block		
Opening Balance	242	-
Add: Recognition on adoption of Ind AS 116	-	242
Add: Additions	43	-
Less: Deletion	-	-
Closing Balance	285	242
II. Accumulated depreciation		
Opening Balance	112	-
Add: Depreciation expense	118	112
Closing Balance	230	112
Net block (I-II)		
Carrying Value	55	130

Note: Refer Note 36 on operating lease.

Notes to the Standalone Financial Statements

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5 INVESTMENTS IN SUBSIDIARIES

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Investments in equity instruments (Unquoted)				
Sagar Cements (R) Limited (100%, (March 31, 2020: 100%) shareholding) (Refer Note (i) below and Note 42)	11,59,62,925	27,058	10,38,12,925	18,553
Jajpur Cements Private Limited (100%, (March 31, 2020: 100%) shareholding) (Refer Note (iii) below and Note 39)	5,39,30,000	8,479	3,86,80,000	4,154
Satguru Cement Private Limited (65%, (March 31, 2020: 65%) shareholding) (Refer Note (iv) below and Note 39)	28,97,143	15,409	28,97,143	15,000
Investments in preference shares				
Sagar Cements (R) Limited				
8% Cumulative redeemable preference shares (Refer Note (ii) below)	4,30,00,000	11,182	4,30,00,000	10,019
		62,128		47,726
Aggregate amount of unquoted investments		62,128		47,726

Notes:

(i) Includes investment of ₹ 401 (March 31, 2020: ₹ 401) on account of fair valuation of corporate guarantee given by the company on behalf of Sagar Cements (R) Limited, a wholly owned subsidiary.

(ii) During the year 2016-17, the Company converted the outstanding loan balance of ₹ 17,200 given to its wholly-owned subsidiary, Sagar Cements (R) Limited, to 43,000,000 8% cumulative redeemable preference shares of ₹ 10 each at a premium of ₹ 30 each. At initial recognition, the preference shares are measured at fair value. The difference between the fair value at initial recognition and the transaction price is accounted as deemed capital contribution to the subsidiary company. Accordingly, ₹ 6,866 is accounted as the fair value of the preference shares and ₹ 10,334 is accounted as deemed investment on conversion of loan to preference shares at concessional rate and added to the cost of investment held in the subsidiary. As at March 31, 2021, ₹ 1,163 (March 31, 2020: ₹ 1,044) has been recognised as interest income on preference shares and added to the cost of preference shares.

(iii) Includes investment of ₹ 254 (March 31, 2020: ₹ 254) on account of fair valuation of corporate guarantee given by the company on behalf of Jajpur Cements Private Limited, a wholly owned subsidiary.

(iv) Includes investment of ₹ 409 (March 31, 2020: ₹ Nil) on account of fair valuation of corporate guarantee given by the company on behalf of Satguru Cement Private Limited, a subsidiary Company.

6. LOANS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Loans to related party (Subsidiary) (Refer Note 35)	2,500	-
Total	2,500	-
Current		
Loans to related party (Subsidiary)	-	1,500
Total	-	1,500
Total loans	2,500	1,500

Note: No loans are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.

Loans classification:		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured	2,500	-
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
Total Non-current loans	2,500	-
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured	-	1,500
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
Total Current loans	-	1,500

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7. OTHER FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits	1,150	1,375
Balances held as margin money deposit against borrowings	113	6
Total	**1,263**	**1,381**
Current		
Security deposits	102	80
Advances to employees	63	63
Interest accrued but not due (Refer Note below and Note 42)	82	4,346
Derivative assets	5	125
Total	**252**	**4,614**
Total other financial assets	**1,515**	**5,995**

Note: As per the Subsidiary Company's agreement with the International Financial Corporation(IFC), subsidiary Company's obligation towards debts and interest are sub-ordinate to the payment due to IFC against the Non-convertible debentures issued to them.

8. OTHER ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Capital advances	840	550
Prepaid expenses	179	168
Balances with government authorities	141	141
Total	**1,160**	**859**
Current		
Advances to suppliers and service providers	653	423
Advances to related parties (Refer Note 42)	-	4,825
Prepaid expenses	346	251
Balances with government authorities	197	20
Excise duty refund receivable	194	194
Incentives receivable from government (Refer Note 40)	3,259	1,545
Total	**4,649**	**7,258**
Total other assets	**5,809**	**8,117**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	1,014	788
Coal	3,671	2,600
Work-in-progress	429	1,408
Stores and spares	2,337	1,802
Packing materials	357	299
Finished goods	508	918
Total (A)	**8,316**	**7,815**
Goods-in-transit:		
Raw materials	4	-
Coal	838	250
Packing materials	37	-
Finished goods	2	2
Total (B)	**881**	**252**
Total inventories (A+B)	**9,197**	**8,067**

Note: Refer Note 1(b)(xii) for basis of valuation and for details of inventories pledged refer Note 15.

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10. TRADE RECEIVABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Secured	925	2,947
Trade receivables considered good - Unsecured (Refer Note below)	6,380	6,539
Trade receivables - credit impaired	707	695
Sub-total	**8,012**	**10,181**
Less: Expected credit loss allowance	(707)	(695)
Total trade receivable	**7,305**	**9,486**

Note: Includes ₹ 13 (March 31, 2020: Nil) receivable from related party. Also Refer Note 35.

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	5,083	6,876
1-30 days past due	1,338	1,068
31-60 days past due	329	450
61-90 days past due	153	188
91-180 days past due	170	220
More than 180 days past due	939	1,379
Total	**8,012**	**10,181**

Movement in expected credit loss allowance

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	695	480
Add: Expected credit loss allowance	12	215
Balance at the end of the year	**707**	**695**

11. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Cash in hand	1	4
Balances with banks	582	167
Deposits with banks	18,850	-
Total Cash and cash equivalents	**19,433**	**171**

12. 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)	850	785
Total other bank balances	**914**	**843**

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

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13 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
Issued, subscribed and fully paid:				
Equity shares ₹ 10 each	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 (Refer Note 39)	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 each per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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	12,39,353	5.27%	12,39,353	5.56%
R V Consulting Services Private Limited	16,02,298	6.82%	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 39)

14. 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	64,507	49,839
Other items of other comprehensive income	(184)	(192)
Money received against share warrants	-	2,236
Total other equity	**1,22,283**	**1,01,023**

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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 39)	8,820	13,500
	54,327	**45,507**
General reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	49,839	46,981
(ii) Profit for the year	16,196	3,473
	66,035	**50,454**
Less: Appropriations		
(i) Dividend on equity shares (Refer Note 42)	1,528	510
(ii) Tax on dividend (Refer Note below)	-	105
	64,507	**49,839**
Other items of other comprehensive income		
(i) Opening balance	(192)	(150)
(ii) Other comprehensive income for the year	8	(42)
	(184)	**(192)**
Money received against share warrants		
(i) Opening balance	2,236	5,658
(ii) Money received against share warrant (Refer Note 39)	6,706	10,266
(iii) Allotment of equity shares upon conversion of warrants (Refer Note 39)	(122)	(188)
(iv) Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	(8,820)	(13,500)
	-	2,236
Total	**1,22,283**	**1,01,023**

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.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans from banks	12,397	11,514
Total non-current borrowings	**12,397**	**11,514**

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

Notes:

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%
Vehicle loans from various banks (Refer Note 9 below)	157	12 - 21 monthly instalments	8.50% to 9.31%
Less: Current maturities of non-current borrowings	(3,663)		
Total	**12,397**		

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%
Vehicle loans from various banks (Refer Note 9 below)	370	6 - 33 monthly instalments	7.98% to 9.31%
Less: Current maturities of non-current borrowings	(3,278)		
Total	**11,514**		

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.
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. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
Current borrowings (Secured, amortised at cost)		
Loans repayable on demand		
Cash credit facilities	9,708	10,765
Total current borrowings	**9,708**	**10,765**

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.).

16. OTHER FINANCIAL IIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits received	5,097	5,178
Guarantee obligation	603	345
Deferred consideration payable (Refer Note 39)	-	3,160
Total	**5,700**	**8,683**
Current		
Current maturities of non-current borrowings	3,663	3,278
Interest accrued but not due on borrowings	68	190
Unclaimed dividends (Refer Note below)	64	58
Payables on purchase of property, plant and equipment	188	420
Deferred consideration payable (Refer Note 39)	-	2,940
Total	**3,983**	**6,886**
Total other financial liabilities	**9,683**	**15,569**

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.

17. PROVISIONS

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity (Refer Note 33)	548	849
Compensated absences (Refer Note 33)	318	302
Total provisions	**866**	**1,151**
Non-current		
Gratuity	265	617
Compensated absences	225	226
Total	**490**	**843**
Current		
Gratuity	283	232
Compensated absences	93	76
Total	**376**	**308**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

18. OTHER LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Liability for land restoration	179	179
Total	**179**	**179**
Current		
Advance from customers	4,105	2,161
Statutory remittances	2,345	1,030
Advance from related party	79	-
Advance from others	-	11
Total	**6,529**	**3,202**
Total other liabilities	**6,708**	**3,381**

19. 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 41)	97,649	81,960
- Sale of power	320	84
Other operating income		
- Income from trademark and staffing charges to subsidiary	360	360
- Sale of scrap	74	143
- Incentives received from government (Refer Note 40)	1,714	1,072
- Sale of coal	-	1,108
- Insurance claims	41	28
- Others	12	3
Total revenue from operations	**1,00,170**	**84,758**

20. 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	1,707	1,447
Rent received from employees	14	5
Profit on sale of property, plant and equipment	50	33
Liabilities no longer required written back	31	22
Net gain on foreign currency transactions and translation	267	-
Net gain on fair value change in financial instruments	-	125
Total other income	**2,069**	**1,632**

21. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	788	700
Add: Purchases	15,436	16,071
Less: Closing stock	1,014	788
Total cost of materials consumed	**15,210**	**15,983**
Details of materials consumed:		
Limestone	3,502	4,103
Laterite	1,520	1,665
Iron-ore sludge	164	452
Gypsum	1,038	1,153
Fly ash	1,508	1,217
Clinker purchased	351	92
Slag	1,773	2,385
Others	5,354	4,916
Total	**15,210**	15,983

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

22A. 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	-	1,108
Total	**2,028**	**4,117**

22B. 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	918	901
Work-in-progress	1,408	823
	2,326	**1,724**
Inventories at the end of the year:		
Finished goods	508	918
Work-in-progress	429	1,408
	937	**2,326**
Net decrease/ (increase)	**1,389**	**(602)**

23. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages, including bonus	5,684	4,531
Contribution to provident and other funds (Refer Note 33)	481	483
Staff welfare expenses	439	556
Total employee benefit expenses	**6,604**	**5,570**

24. FINANCE COSTS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense	1,823	2,763
Less: Borrowing costs on qualifying assets capitalised	-	(173)
Interest on deposits from dealers	208	241
Interest on lease liability	8	11
Other borrowing cost	486	550
Total finance cost	**2,525**	**3,392**

25. 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)	5,501	5,394
Depreciation on right of use assets (Refer Note 4 and 36)	118	112
Amortisation of intangible assets (Refer Note 3)	1	1
Total depreciation and amortization	**5,620**	**5,507**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

26. OTHER EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Packing materials consumed	3,649	3,215
Stores and spares consumed	1,889	2,133
Repairs and maintenance		
- Plant & equipment	1,058	1,072
- Buildings	124	133
- Others	786	708
Selling expenses	2,255	2,514
Expected credit loss allowance	12	215
Advances written off	-	25
Rent	91	99
Insurance	134	93
Rates and taxes	99	153
Expenditure on corporate social responsibility (Refer Note 38)	130	81
Payment to auditors (Refer Note (i) below)	47	38
Travelling and conveyance	149	338
Security services	153	149
Donations and contributions	180	216
Legal and other professional charges	341	342
Administrative expenses	210	195
Printing and stationery	34	31
Communication	58	58
Net Loss on foreign currency transactions and translation	-	201
Net loss on fair value change in financial instruments	120	-
Directors sitting fees	18	11
Miscellaneous expenses	6	13
Captive consumption of cement	(18)	(79)
Total other expenses	**11,525**	**11,954**
Note:		
(i) Payment to auditors (net of taxes) comprises:		
For audit	28	23
For limited reviews	7	7
For other services	12	7
Reimbursement of expenses	-	1
Total	**47**	**38**

27. INCOME TAX EXPENSE

(a) Income tax recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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	1,433	1,150
MAT Credit	-	(850)
	1,433	**300**
Total tax expense	**8,043**	**1,150**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

(b) 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)	24,239	4,623
Statutory tax rate in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	8,469	1,615
Permanent difference		
Effect on Income disallowed under Income Tax Act, 1961	(482)	(398)
Effect on expenses disallowed under Income Tax Act, 1961	79	113
Effect on change in depreciation while filing Income tax return	11	(183)
Others	(34)	3
Total	**(426)**	**(465)**
At the effective income tax rate	8,043	1,150
Total Tax expense	**8,043**	**1,150**

(c) 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	10,840	331	-	-	11,171
Provision for employee benefits	(403)	95	4	-	(304)
Expected credit loss allowance	(243)	(4)	-	-	(247)
MAT credit entitlement	(4,714)	-	-	2,372	(2,342)
Others	(119)	41	-	-	(78)
Unabsorbed depreciation	(970)	970	-	-	-
Total Deferred tax liability (Net)	**4,391**	**1,433**	**4**	**2,372**	**8,200**

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	9,418	1,422	-	-	10,840
Provision for employee benefits	(303)	(78)	(22)	-	(403)
Expected credit loss allowance	(168)	(75)	-	-	(243)
MAT credit entitlement	(3,864)	(850)	-	-	(4,714)
Others	(159)	40	-	-	(119)
Unabsorbed depreciation	(811)	(159)	-	-	(970)
Total Deferred tax liability (Net)	**4,113**	**300**	**(22)**	**-**	**4,391**

(d) Current tax assets and liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax assets (Net of provision of ₹ 4,415 (2019-20: ₹ 4,873)	274	308
Income tax liabilities (Net of advance tax and TDS receivable for an amount of ₹ 3,807 (2019-20: ₹ 768)	(1,170)	(602)
Net Income tax liabilities	**(896)**	**(294)**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

28. COVID-19 is the infectious disease caused by the coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Company 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 Company has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial results in determining the possible effects on the carrying amounts of Investments made in the subsidiaries, Inventories, receivables 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.

29. CONTINGENT LIABILITIES, CORPORATE GUARANTEES AND CAPITAL COMMITMENTS

a) Contingent Liabilities:

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

i) Claims against the Company not acknowledged as debt:

Particulars	As at March 31, 2021	As at March 31, 2020
Direct tax matters	145	53
Indirect tax matters	794	794
Others	428	428

ii) The Finance Minister of Government of India had announced, in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts, the Company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,301 (As at March 31, 2020: ₹ 1,301) from July 2010 to March 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order, the amount of ₹ 1,290 was reversed, but under protest. The balance of ₹ 11 pertains to the penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. 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 Company.

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 Company is awaiting further clarifications from the judiciary/department in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, 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 Commitments:

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 advances)	**4,035**	**513**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors. The amount of dues payable to micro, small and medium enterprises 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	13	125
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23.	-	-

31. FINANCIAL INSTRUMENTS:

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

A. Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The capital structure of the Company consists of net debt (borrowings as detailed in Notes 15 and 16 offset by cash and bank balances) and total equity of the Company. The Company is not subject to any externally imposed capital requirements. The Company's management reviews the capital structure of the Company on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

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

Description	As at March 31, 2021	As at March 31, 2020
Debt (Refer Note below)	25,768	25,557
Cash and cash equivalents and Other bank balances	20,347	1,014
Net debt	5,421	24,543
Total equity	1,24,633	1,03,251
Net debt to equity ratio	0.043	0.238

Note: Debt is defined as current and non-current borrowings as described in Notes 15 and 16.

B. Categories of financial instruments:

The carrying 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	5	125
Measured at amortised cost		
(i) Investments	62,128	47,726
(ii) Loans	2,500	1,500
(iii) Trade receivables	7,305	9,486
(iv) Cash and cash equivalents	19,433	171
(v) Other bank balances	914	843
(vi) Other financial assets	1,510	5,870
Total Financial assets	**93,795**	**65,721**

Notes to the Standalone Financial Statements

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	25,768	25,557
(ii) Trade payables	17,504	16,854
(iii) Lease liabilities	61	136
(iv) Other financial liabilities	6,020	12,291
Total Financial liabilities	**49,353**	**54,838**

C. Financial risk management objectives:

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

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

D. Market risk:

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

Interest rate risk management:

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

Interest rate sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's Profit for the year ended March 31, 2021 would decrease/increase by ₹ 129 (for the year ended March 31, 2020: decrease/increase by ₹ 128). This is mainly attributable to the company'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 Company 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 Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company 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	3	19,56,800	1,442	Buy	Rupees

E. Credit risk management:

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks by the Company on behalf of its subsidiary. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on (Refer Note 29 b). 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.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

F. Liquidity risk management:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks. The Company 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 Company regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing short term deposits with appropriate maturities to optimize 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	5,303	6,996
- amount unused	3,697	2,004
Total	**9,000**	**9,000**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	9,708	10,765
- amount unused	3,492	2,435
Total	**13,200**	**13,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	16,060	14,792
- amount unused	-	-
Total	**16,060**	**14,792**

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	17,504	-	-
Lease liabilities	20	7	34
Other financial liabilities	320	666	5,034
Borrowings (including current maturities of non-current borrowings)	13,371	4,674	7,723

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	16,854	-	-
Lease liabilities	10	126	-
Other financial liabilities	3,608	3,674	5,009
Borrowings (including current maturities of non-current borrowings)	14,043	3,442	8,072

32. DISCLOSURE AS PER REGULATION 34(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The details of loans and advances to subsidiary are given below:

Particulars	Balance as at		Maximum amount outstanding during the year ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sagar Cements (R) Limited	-	6,314	6,486	7,420
Jajpur Cements Private Limited	-	1	1	733
Satguru Cement Private Limited	2,500	3	2,500	200

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

33. EMPLOYEE BENEFITS:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated ₹ 252 (2019–20: ₹ 250).

Superannuation Fund

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

Employee State Insurance

The Company makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated ₹ 2 (2019–20: ₹ 4).

(ii) Defined benefit plan:

Gratuity:

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

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's 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	6.81%	6.76%
Expected rate of return on plan asset	7.26%/7.60%	7.50%/7.65%
Expected average remaining working lives of employees	15.08 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	152	149
Interest expense	80	78
Other adjustments	5	2
Expected return on plan assets	(42)	(33)
Defined benefit cost included in profit and loss	**195**	**196**
Re-measurement effects recognized in Other Comprehensive Income (OCI):		
Actuarial (income)/ loss	(12)	64
Components of defined benefit costs recognized in OCI	**(12)**	**64**

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	1,377	1,310
Fair value of plan assets	(829)	(461)
Net liability arising from defined benefit obligation	548	849

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

d) Movement 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	1,310	1,070
Current service cost	152	149
Interest cost	80	78
Re-measurements – Actuarial (income)/ loss	(12)	64
Benefits paid out of plan assets and by employer	(153)	(51)
Defined benefit obligation at the year end	**1,377**	**1,310**

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	283	232
1 – 2 years	139	156
2 – 3 years	156	151
3 – 4 years	154	140
4 – 5 years	109	139
5 – 10 years	529	504

f) Movement 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	461	443
Expected return on plan assets	42	33
Contributions from the employer	446	35
Benefits paid out of plan assets	(115)	(50)
Re-measurement – Actuarial loss/ (gain)	-	-
Other adjustments	(5)	-
Fair value of plan asset at the year end	**829**	**461**

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	1,227	1,358	1,173	1,302
Effect of 1% change in assumed salary rate	1,356	1,225	1,298	1,173
Effect of 1% change in assumed attrition rate	1,279	1,299	1,225	1,244

The Company is expected to contribute ₹ 460 lakhs to its defined benefit plans during the next financial year.

Compensated absences:

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

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount Rate	6.81%	6.76%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

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

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

34. The Company is exclusively engaged in the business of cement and cement related products. As per Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013, there are no reportable business and geographical segment applicable to the Company.

35. RELATED PARTY DISCLOSURES:

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

Name	Relationship
Sagar Cements (R) Limited	Wholly owned subsidiary Company
Jajpur Cements Private Limited	Wholly owned subsidiary Company
Satguru Cement Private Limited	Subsidiary Company
Key managerial personnel (KMP):	
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	4,195	3,365
Purchase of power	Sagar Cements (R) Limited	-	1,083
Purchase of scrap	Sagarsoft (India) Limited	1	-
Sale of scrap	Sagar Cements (R) Limited	1	2
Sale of coal	Sagar Cements (R) Limited	-	947
Sale of cement	Jajpur Cements Private Limited	375	-
Rent expenses paid	Dr. S. Anand Reddy	32	32
	S. Sreekanth Reddy	32	32
	S. Vanajatha	32	32
	Total	**96**	**96**
Services rendered	Sagar Cements (R) Limited	360	360
Services received	Sagarsoft (India) Limited	35	28
	RV Consulting Services Private Limited	-	34
	Total	**35**	**62**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Nature of transaction	Party Name	For the year ended March 31, 2021	For the year ended March 31, 2020
Reimbursement of expenses received	Sagarsoft (India) Limited	8	16
	RV Consulting Services Private Limited	8	7
	Sagar Power Limited	3	1
	Sagar Cements (R) Limited	4	2
	Panchavati Polyfibres Limited	6	2
	Satguru Cement Private Limited	11	3
	Jajpur Cements Private Limited	3	1
	Total	**43**	**32**
Reimbursement of expenses paid	Panchavati Polyfibres Limited	58	-
Interest earned on loan, corporate guarantee and cumulative redeemable preference shares	Sagar Cements (R) Limited	1,332	1,313
Interest earned on corporate guarantee	Jajpur Cements Private Limited	45	10
	Satguru Cement Private Limited	66	-
	Total	**111**	**10**
Advances given	Sagar Cements (R) Limited	-	3,477
Loan given	Satguru Cement Private Limited	2,500	-
Payment received against loan given	Sagar Cements (R) Limited	1,500	500
Advance given	Jajpur Cements Private Limited	-	20
Payment received against advance given	Jajpur Cements Private Limited	-	753
Sale of property, plant and equipment	Satguru Cement Private Limited	28	6
Interest earned on loan	Satguru Cement Private Limited	25	-
Payment to 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**

Compensation to key managerial personnel is as follows:

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	18	11
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
Loan given	Sagar Cements (R) Limited	-	1,500
	Satguru Cement Private Limited	2,500	-
	Total	**2,500**	**1,500**
Advances given	Sagar Cements (R) Limited	-	4,814
	Sagar Power Limited	-	1
	RV Consulting Services Private Limited	-	6
	Jajpur Cements Private Limited	-	1
	Satguru Cement Private Limited	-	3
	Total	**-**	**4,825**
Advances received	Sagar Cements (R) Limited	79	-
Interest accrued but not due	Sagar Cements (R) Limited	-	4,293
	Satguru Cement Private Limited	23	-
	Total	**23**	**4,293**

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All amounts are in ₹ Lakhs unless otherwise stated

Nature of transaction	Party name	As at March 31, 2021	As at March 31, 2020
Trade payables	Panchavati Polyfibres Limited	589	327
Trade Receivable	Jajpur Cements Private Limited	13	-
Corporate guarantee (Refer Note 29)	Sagar Cements (R) Limited	19,643	19,643
	Jajpur Cements Private Limited	20,000	20,000
	Satguru Cement Private Limited	31,000	27,500
	Total	**70,643**	**67,143**
8% Cumulative redeemable preference shares	Sagar Cements (R) Limited	11,181	10,019
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**

36. OPERATING LEASE

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

Operating lease commitments

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

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

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are 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 ₹ 242 and a lease liability of ₹ 242 .

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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	130	-
Recognition on adoption of Ind AS 116	-	242
Additions	43	-
Depreciation	(118)	(112)
Closing Balance	**55**	**130**

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

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	136	-
Recognition on adoption of Ind AS 116	-	242
Additions	43	-
Finance cost accrued during the year	8	11
Payment of lease liabilities	(126)	(117)
Closing Balance	**61**	**136**

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	41	126
Current lease liabilities	20	10
Total	**61**	**136**

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	20	10
After one year but not more than five years	25	126
More than five years	16	-

37. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after tax (₹ in lakhs)	16,196	3,473
Weighted average number of equity shares outstanding (Refer Note below)	23,130,822	21,471,653
Earnings per share:		
Basic and Diluted (in ₹)	70.02	16.17

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.

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All amounts are in ₹ Lakhs unless otherwise stated

38. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company and the amount required to be spent by the Company 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 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
	(81)	(-)	(81)

Amounts in the brackets indicate the previous year numbers.

39. During the year ended March 31, 2019, the Company 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.

40. The Company is eligible for reimbursement of sales tax against sales made in the state of Andhra Pradesh and reimbursement of power consumption changes, in respect of expansion of grinding unit at Bayyavaram Unit during the financial year 2018-19. Such reimbursements are in the nature of government grants and recognized income aggregating ₹ 1,714 (2019-20: ₹ 1,072) under 'Other operating income'. There are no unfulfilled conditions or contingencies attached to these incentives.

41. 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	1,15,550	94,799
Less: Discounts and incentives	(17,901)	(12,839)
Revenue as per statement of profit and loss	**97,649**	**81,960**

- 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.

42. The Company has been allotted with 1,21,50,000 equity shares of ₹10/- each at a premium of ₹ 60/- per share from Sagar Cements (R) Limited, wholly owned subsidiary Company. The above shares were allotted against the interest accrued receivable on unsecured loan and advances receivable of an amount of ₹ 3,614 and ₹ 4,814 respectively and balance share issue amount of ₹ 77 paid in cash.

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All amounts are in ₹ Lakhs unless otherwise stated

43. 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.

44. The Board of Directors of the Company in their meeting on April 26, 2021 have approved the Scheme of Amalgamation of its wholly owned subsidiary Sagar Cements (R) Limited (SCRL) with the Company 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 the Company 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 Company.

45. 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 affect has not been notified. The Company will assess the impact of the code when it comes into effect and will any related impact in the period the code becomes effective.

46. These 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