Consolidated Independent Auditor's Report

To The Members of Sagar Cements Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sagar Cements Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	Auditor's Response
Revenue recognition – Price Equaliser Discounts (Refer Note 39 of the consolidated financial statements) ▪ Revenue is measured net of price equaliser discounts. ▪ Due to the Parent's presence across different marketing regions within the country and the competitive business environment, price equaliser discounts vary based on the customer and market it caters to and recognised based on sales made during the year. These discounts are calculated based on the market study reports which reports are collated periodically by the management and are prone to compilation errors. ▪ Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price equaliser discounts.	**Principal audit procedures performed:** ▪ Assessed the appropriateness of the Company's accounting policies relating to Price Equaliser discounts by comparing with Ind AS 115. ▪ 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 relating to price equaliser discounts. ▪ Obtained and inspected, on a sample basis, supporting documentation for price equaliser discounts recorded and credit notes 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 equaliser discounts to sales made to identify outliers and held inquiries with the management on the appropriateness of current year's discount.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Management Discussion & Analysis, Board's Report and Report on Corporate Governance including Annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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 of the aforesaid consolidated financial statements.

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

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

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

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

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

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

iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the note 5 & 51 (iii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as disclosed in the note 5 & 51(iv) to consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

As stated in Note 40 to the consolidated financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing Annual General Meeting. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us for respective companies included in the consolidated financial statements to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in the CARO reports of the said companies included in the consolidated financial statements.

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

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 22201193AIUBMG7866)

Place: Hyderabad
Date: May 11, 2022

Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of **Sagar Cements Limited** (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 22201193AIUBMG7866)

Place: Hyderabad
Date: May 11, 2022

Consolidated Balance Sheet

as on March 31, 2022

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	As at March 31, 2022	As at March 31, 2021 *
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	1,93,738	1,19,111
(b) Capital work-in-progress	45	10,050	51,748
(c) Goodwill		4,162	4,162
(d) Intangible assets			
(i) Mining rights	3	5,538	5,725
(ii) Other intangible assets	3	36	32
(e) Right of use assets	4	1,334	1,116
(f) Financial assets			
(i) Investments	5	31,468	-
(ii) Other financial assets	6	3,044	1,785
(g) Income tax assets (net)	27	480	450
(h) Deferred tax assets (net)	27	1,540	73
(i) Other non-current assets	7	13,529	11,133
Total Non-current assets		**2,64,919**	**1,95,335**
Current assets			
(a) Inventories	8	20,857	12,428
(b) Financial assets			
(i) Trade receivables	9	12,031	10,071
(ii) Cash and cash equivalents	10	14,306	22,514
(iii) Bank balances other than cash and cash equivalents	11	1,963	2,905
(iv) Other financial assets	6	567	335
(c) Other current assets	7	21,790	11,106
Total Current assets		**71,514**	**59,359**
TOTAL ASSETS		**3,36,433**	**2,54,694**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	2,350	2,350
(b) Other equity	13A	1,23,193	1,16,735
Equity attributable to Shareholders of the Company		**1,25,543**	**1,19,085**
Non-controlling interests	13B	5,401	5,351
Total Equity		**1,30,944**	**1,24,436**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14A	1,12,853	63,803
(ia) Lease liabilities	34	299	188
(ii) Other financial liabilities	15	6,852	6,999
(b) Provisions	16	751	624
(c) Deferred tax liabilities (net)	27	9,769	6,804
(d) Other non-current liabilities	18	229	229
Total Non-current liabilities		**1,30,753**	**78,647**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14B	37,482	16,845
(ia) Lease liabilities	34	190	47
(ii) Trade payables	17		
(a) total outstanding dues of micro enterprises and small enterprises		214	17
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		21,885	22,882
(iii) Other financial liabilities	15	3,104	1,791
(b) Provisions	16	308	443
(c) Income tax liabilities (net)	27	1,275	1,164
(d) Other current liabilities	18	10,278	8,422
Total Current liabilities		**74,736**	**51,611**
Total Liabilities		**2,05,489**	**1,30,258**
Total Equity and Liabilities		**3,36,433**	**2,54,694**
Corporate information and significant accounting policies	1		

* Refer Note 41

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

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

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 11, 2022

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Joint Managing Director
DIN: 00123889

R. Soundararajan
Company Secretary
M. No. F4182

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 11, 2022

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	Note	For the year ended March 31, 2022	For the year ended March 31, 2021 *
I	Revenue from operations	19	1,59,687	1,37,132
II	Other income	20	1,342	778
III	**Total Income (I + II)**		**1,61,029**	**1,37,910**
IV	**Expenses**			
	(a) Cost of materials consumed	21	25,512	19,710
	(b) Purchases of stock-in-trade	22A	1,906	2,028
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22B	(4,886)	2,236
	(d) Employee benefit expenses	23	8,555	7,636
	(e) Finance costs	24	9,248	4,656
	(f) Depreciation and amortisation expense	25	9,271	8,103
	(g) Power and fuel expenses		51,573	26,143
	(h) Freight and forwarding		27,855	23,422
	(i) Other expenses	26	21,595	15,913
	Total Expenses		**1,50,629**	**1,09,847**
V	**Profit before tax (III - IV)**		**10,400**	**28,063**
VI	**Tax expense**			
	(a) Current tax	27	3,056	4,229
	(b) Deferred tax	27	1,429	5,222
	Total Tax expense		**4,485**	**9,451**
VII	**Profit after tax (V - VI)**		**5,915**	**18,612**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit and loss			
	(a) Remeasurement of the defined benefit plan	31	200	11
	(ii) Income tax relating to items that will not be reclassified to profit and loss	27	(69)	(4)
	Other comprehensive income for the year, net of tax		**131**	**7**
IX	**Total comprehensive income for the year (VII + VIII)**		**6,046**	**18,619**
	Profit for the year attributable to:			
	Shareholders of the Company		6,915	18,654
	Non-controlling interest		(1,000)	(42)
			5,915	**18,612**
	Total comprehensive income for the year attributable to:			
	Shareholders of the Company		7,045	18,661
	Non-controlling interest		(999)	(42)
			6,046	**18,619**
X	**Earnings per share (Face value of ₹ 2 each (March 31, 2021: Face value of ₹ 2 each)) (Refer Note 12(a))**			
	Basic and Diluted	35	5.03	16.09
	Corporate information and significant accounting policies	1		
	* Refer Note 41			
	See accompanying notes forming part of the consolidated financial statements			

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

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 11, 2022

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Joint Managing Director
DIN: 00123889

R. Soundararajan
Company Secretary
M. No. F4182

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 11, 2022

Consolidated Statement of Changes in Equity

for the year ended March 31, 2022

All amounts are in ₹ Lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at March 31, 2020	2,228
Changes in equity share capital during the year (Refer Note 46(a))	122
Balance at March 31, 2021	**2,350**
Changes in equity share capital during the year (Refer Note 12(a))	-
Balance at March 31, 2022	**2,350**

B. Other equity

Particulars	Attributable to owners of the Company							
	Reserves and surplus				Other items of other comprehensive income	Money received against share warrants	Non-controlling interests	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings				
Balance as at March 31, 2020	**35**	**45,507**	**3,598**	**43,283**	**(221)**	**2,236**	**5,393**	**99,831**
Profit/(loss) for the year	-	-	-	18,654	-	-	**(42)**	18,612
Dividend on equity shares	-	-	-	(1,528)	-	-	-	(1,528)
Other comprehensive income for the year (net of tax ₹ 4)	-	-	-	-	7	-	-	7
Effect of business combination (Refer Note 41)	-	-	-	(1,420)	-	-	-	(1,420)
Money received against share warrant (Refer Note 46(a))	-	-	-	-	-	6,706	-	6,706
Allotment of equity shares upon conversion of warrants (Refer Note 46(a))	-	-	-	-	-	(122)	-	(122)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 46(a))	-	8,820	-	-	-	(8,820)	-	-
Balance as at March 31, 2021	**35**	**54,327**	**3,598**	**58,989**	**(214)**	**-**	**5,351**	**1,22,086**
Profit/(loss) for the year	-	-	-	6,915	-	-	**(1,000)**	5,915
Dividend on equity shares	-	-	-	(588)	-	-	-	(588)
Other comprehensive income for the year (net of tax ₹ 69)	-	-	-	-	131	-	-	131
Allotment of equity shares	-	-	-	-	-	-	20	20
Premium on allotment of equity shares	-	-	-	-	-	-	1,030	1,030
Balance at March 31, 2022	**35**	**54,327**	**3,598**	**65,316**	**(83)**	**-**	**5,401**	**1,28,594**

See accompanying notes forming part of the consolidated financial statements

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

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 11, 2022

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
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DIN: 00123889

R. Soundararajan
Company Secretary
M. No. F4182

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 11, 2022

Consolidated Statement of Cash Flows

for the year ended March 31, 2022

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021 *	
A	**Cash flow from operating activities**				
	Profit before tax for the year		**10,400**		**28,063**
	Adjustments for				
	Depreciation and amortisation expense	9,271		8,103	
	Finance costs	9,248		4,656	
	Interest income	(1,182)		(328)	
	Liabilities no longer required written back	(81)		(46)	
	Expected credit loss allowance on trade receivables	202		85	
	Provision for incentives receivable from government	775		84	
	Unrealised loss on foreign currency transactions and translation	-		54	
	Net loss on fair value change in financial instruments	6		166	
	Loss/(profit) on sale of property, plant and equipment (net)	38		(50)	
			18,277		12,724
	Operating profit before working capital changes		**28,677**		**40,787**
	Changes in working capital				
	Adjustments for (increase)/decrease in operating assets:				
	Trade receivables	(2,163)		3,522	
	Inventories	(8,429)		(848)	
	Financial assets	(420)		(195)	
	Other assets	(8,267)		(6,441)	
			(19,279)		**(3,962)**
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	(719)		591	
	Other financial liabilities	946		(85)	
	Provisions	192		(247)	
	Other liabilities	1,856		4,222	
			2,275		4,481
	Cash generated from operating activities		**11,673**		**41,306**
	Less: Income tax paid		(2,975)		(3,654)
	Net cash generated from operating activities		**8,698**		**37,652**
B	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances	(36,098)		(46,059)	
	Deposits not considered as cash and cash equivalents				
	- Placed	(1,820)		(2,392)	
	- Matured	1,697		454	
	Proceeds from disposal of plant and equipment	487		103	
	Investment	(43,220)		-	
	Interest received	562		300	
	Net cash used in investing activities		**(78,392)**		**(47,594)**
C	**Cash flow from financing activities**				
	Proceeds from allotment of equity shares upon conversion of warrants	-		6,706	
	Proceeds from allotment of equity shares	1,050		-	
	Proceeds from non-current borrowings	69,382		43,041	
	Proceeds from loan from others and related parties (net)	-		51	
	Repayment of loan from related party	(958)		-	
	Repayment of non-current borrowings	(7,452)		(7,348)	
	Repayment of lease liability	(187)		(167)	
	Proceeds from/(repayment of) current borrowings (net)	7,757		(3,846)	
	Finance costs	(7,518)		(4,743)	
	Dividend paid including tax	(588)		(1,528)	
	Net cash generated/(used) from financing activities		**61,486**		**32,166**

Consolidated Statement of Cash Flows

for the year ended March 31, 2022

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 *
Net increase in cash and cash equivalent (A+B+C)	**(8,208)**	**22,224**
Cash and cash equivalent at the beginning of the year	22,514	290
Cash and Cash equivalent at the end of the year (Refer Note 10)	**14,306**	**22,514**
Note:		
Cash and cash equivalents comprises of:		
Cash in hand	4	3
Balances with banks	1,802	860
Deposits with banks	12,500	21,651
Cash and cash equivalents (Refer Note 10)	**14,306**	**22,514**

* Refer Note 41

Reconciliations of liabilities from financing activities:

Particulars	As at April 01, 2021	Proceeds	Repayment	Fair value changes	As at March 31, 2022
Long-term borrowings (including current portion)	70,431	69,382	(7,452)	-	1,32,361
Loan from related party and others	1,242	-	(958)	-	284
Short-term borrowings	10,217	7,757	-	-	17,974
Total liabilities from financing activities	**81,890**	**77,139**	**(8,410)**	**-**	**1,50,619**

Particulars	As at April 01, 2020	Proceeds	Repayment	Fair value changes	As at March 31, 2021
Long-term borrowings (including current portion)	34,738	43,041	(7,348)	-	70,431
Loan from related party and others	1,168	51	-	23	1,242
Short-term borrowings	14,063	-	(3,846)	-	10,217
Total liabilities from financing activities	**49,969**	**43,092**	**(11,194)**	**23**	**81,890**

Reconciliation of lease liability:

Particulars	As at April 01, 2021	Additions	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2022
Lease liabilities	235	398	43	(187)	489

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

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 11, 2022

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Joint Managing Director
DIN: 00123889

R. Soundararajan
Company Secretary
M. No. F4182

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 11, 2022

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

1. Corporate information and significant accounting policies

(a) Corporate Information:

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

(b) Significant accounting policies

(i) Statement of compliance

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

(ii) Basis of preparation and presentation

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

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

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

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

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

(iii) Functional and Presentation currency

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

Rounding of amounts

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

(iv) Use of estimates and Judgements

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

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

- **Useful lives of property, plant and equipment and amortisation of intangible assets**

  Depreciation on plant and machinery, railway siding, mining rights and land restoration is calculated on a straight-line basis and property, plant and equipment other than stated above 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 as estimated by the management. Amortisation of intangible assets is calculated on diminishing balance method considering the useful life estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods.

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

- **Fair value measurement of Financial instruments**

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

- **Provisions and contingencies**

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

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

- **Leases**

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

- **Impairment of investments**

  Determining whether the investments, are impaired requires an estimate of the value in use of investments. In considering the 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 Group makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

- **Mining rights**

  The Company has used cost saving method for value analysis of limestone mining rights. The valuation method estimates the value of future savings in limestone cost over the life of the mine accruing to the Company, by virtue of the transaction instead of procuring the limestone via open market.

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

(v) Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Group as at March 31, 2022 and March 31, 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

Name of the entity	Investee relationship		Principal place of business	Ownership held by	% of Holding and voting power held directly	
	March 31, 2022	March 31, 2021			As at March 31, 2022	As at March 31, 2021
Jajpur Cements Private Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	100%	100%
Sagar Cements (M) Private Limited (Formerly known as Satguru Cement Private Limited)	Subsidiary	Subsidiary	India	Sagar Cements Limited	65%	65%

Consolidation procedure:

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

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

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

(vi) Business combination

Business Combinations are accounted for using Ind AS 103 'Business Combination'. Acquisitions of businesses are accounted for using the acquisition method unless the transaction is between entities under common control.

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

Business Combinations arising from transfer of interests in entities that are under common control, are accounted using pooling of interest method wherein, assets and liabilities of the combining entities are reflected at their carrying value. No adjustment is made to reflect fair values, or recognize any new assets or liabilities other than those required to harmonise accounting policies. The identity of the reserves is preserved and appears in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

Goodwill

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

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

Mining rights

The Company has used cost saving method for value analysis of limestone mining rights. The valuation method estimates the value of future savings in limestone cost over the life of the mine accruing to the Company, by virtue of the transaction instead of procuring the limestone via open market.

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

A cash generating unit to which mining right has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any mining rights allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for mining rights is recognised in profit and loss. An impairment loss recognised for mining rights is not reversed in subsequent periods.

Measurement period adjustments

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period (not more than one year from acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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

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

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

(viii) Goodwill

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

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ix) Revenue recognition

The group derives revenue from the sale of cement and recognises when it transfers control over the goods to the customer. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales.

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

No element of financing is deemed present as the sales are made with credit terms largely ranging between 30 days and 60 days depending on the specific terms agreed to with customers concerned, which is consistent with the market practice.

Generation of Power

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

Dividend and interest income

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

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

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

(x) Borrowing costs

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

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

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

(xi) Government grants

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

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

b) The grant will be received.

(xii) Employee benefits

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

Defined Contribution Plans

The Group's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense 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 recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

(xiii) Taxation

Income tax expense represents the sum of current tax and deferred tax. Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Minimum alternate tax

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

(xiv) Property, plant and equipment

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

Capital works-in-progress in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such capital works in progress are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

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

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

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

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

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

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

Land-Restoration:

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

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

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

(xv) Intangible assets and amortisation

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

(xvi) Inventories

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

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

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

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

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

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

(xviii) Foreign currency transactions and translations

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

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

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

(xix) Segment Reporting

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

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

(xx) Financial Instruments

(A) Initial recognition

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit 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 recognised immediately in profit and loss.

(B) Subsequent measurement

Non-derivative Financial Instruments:

a) **Financial assets carried at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) **Financial assets at fair value through other comprehensive income:** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

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

d) **Financial liabilities:** Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

The effective interest method is a method of calculating the amortised 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.

(C) De-recognition of financial assets and liabilities

a) Financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity

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is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit and loss on disposal of that financial asset.

b) Financial liabilities:

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

(D) Financial guarantee contract liabilities:

Financial guarantee contract liabilities are disclosed in financial statements in accordance with Ind AS 37 – Provisions, contingent liabilities and contingent assets.

(xxi) Derivative Financial Instruments

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

(xxii) Investments

Investments 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.

(xxiii) Impairment of assets

a) Financial assets:

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit and loss.

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

b) Non-financial assets:

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

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

(xxiv) 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.

(xxv) Provisions, contingent liabilities and contingent assets

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

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

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Claims against the Group where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised. A contingent asset is disclosed, in financial statements, where an inflow of economic benefits is probable.

(xxvi) Leases

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

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

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

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

(xxvii) Operating cycle

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

(xxviii) New standards and interpretations

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 01, 2022, as below:

a) **Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets

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acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

b) **Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

c) **Ind AS 37 – Onerous Contracts – Costs of fulfilling a contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

d) **Ind AS 109 – Annual improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

e) **Ind AS 116 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

All amounts are in ₹ Lakhs unless otherwise stated

2. Property, plant and equipment

Particulars	As at March 31, 2022	As at March 31, 2021
Land - freehold	9,787	9,787
Land - restoration	150	160
Buildings	43,260	19,762
Plant and machinery	1,18,362	77,907
Furniture and fittings	268	154
Office and other equipment	3,335	1,310
Electrical installations	12,924	4,320
Computers	121	74
Vehicles	460	317
Railway siding	5,071	5,320
Total	**1,93,738**	**1,19,111**

For the year 2021-22

Description of Assets	Land – freehold	Land – restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway sliding	Total
I. Gross block											
Opening Balance	**9,787**	**229**	**31,188**	**1,10,731**	**909**	**5,452**	**12,050**	**440**	**1,272**	**6,684**	**1,78,742**
Add: Additions	-	-	25,588	45,763	157	2,463	9,723	98	316	-	84,108
Less: Disposals	-	-	-	593	-	749	15	-	149	-	1,506
Balance as at March 31, 2022	**9,787**	**229**	**56,776**	**1,55,901**	**1,066**	**7,166**	**21,758**	**538**	**1,439**	**6,684**	**2,61,344**
II. Accumulated depreciation											
Opening Balance	**-**	**69**	**11,426**	**32,824**	**755**	**4,142**	**7,730**	**366**	**955**	**1,364**	**59,631**
Add: Depreciation expense	-	10	2,090	4,864	43	372	1,117	51	162	249	8,958
Less: Eliminated on disposal of assets	-	-	-	149	-	683	13	-	138	-	983
Balance as at March 31, 2022	**-**	**79**	**13,516**	**37,539**	**798**	**3,831**	**8,834**	**417**	**979**	**1,613**	**67,606**
Net block (I-II)											
Carrying value as at March 31, 2022	**9,787**	**150**	**43,260**	**1,18,362**	**268**	**3,335**	**12,924**	**121**	**460**	**5,071**	**1,93,738**
Carrying value as at March 31, 2021	9,787	160	19,762	77,907	154	1,310	4,320	74	317	5,320	1,19,111

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2020-21

Description of Assets	Land – freehold	Land – restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway sliding	Total
I. Gross block											
Opening Balance	**9,793**	**229**	**30,906**	**1,09,575**	**904**	**5,198**	**11,876**	**396**	**1,330**	**6,684**	**1,76,891**
Add: Additions	-	-	282	1,174	5	254	187	45	96	-	2,043
Less: Disposals	6	-	-	18	-	-	13	1	154	-	192
Balance as at March 31, 2021	**9,787**	**229**	**31,188**	**1,10,731**	**909**	**5,452**	**12,050**	**440**	**1,272**	**6,684**	**1,78,742**
II. Accumulated depreciation											
Opening Balance	**-**	**57**	**8,777**	**28,458**	**689**	**3,685**	**5,812**	**328**	**829**	**1,115**	**49,750**
Add: Depreciation expense		12	1,815	4,368	50	271	903	33	136	249	7,837
Less: Effect of business combination (Refer Note 41)	-	-	834	-	16	186	1,018	6	123	-	2,183
Less: Eliminated on disposal of assets	-	-	-	2	-	-	3	1	133	-	139
Balance as at March 31, 2021	**-**	**69**	**11,426**	**32,824**	**755**	**4,142**	**7,730**	**366**	**955**	**1,364**	**59,631**
Net block (I-II)											
Carrying value as at March 31, 2021	**9,787**	**160**	**19,762**	**77,907**	**154**	**1,310**	**4,320**	**74**	**317**	**5,320**	**1,19,111**
Carrying value as at March 31, 2020	9,793	172	22,129	81,117	215	1,513	6,064	68	501	5,569	1,27,141

Pledge on property, plant and equipment:

1. Property, plant and equipment (other than vehicles and land restoration) with a carrying amount of ₹ 1,93,128 (March 31, 2021: ₹ 1,18,634) are subject to a *pari passu* first charge on the Company's term loans. Further, the property, plant and equipment (other than vehicles and land restoration) are subject to a *pari passu* second charge on the Company's current borrowings. Refer Note 14.

2. Vehicles with carrying amount of ₹ 460 (March 31, 2020: ₹ 317) are hypothecated to respective banks against vehicle loans. Refer Note 14.

3. The Group has not revalued its Property, plant and equipment.

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3. Other intangible assets

Particulars	As at March 31, 2022	As at March 31, 2021
Computer software	36	32
Mining rights	5,538	5,725
Total	**5,574**	**5,757**

For the year 2021-22

Particulars	Computer Software	Mining rights	Total
I. Gross Block			
Opening Balance	**315**	**6,647**	**6,962**
Add: Additions	9	-	9
Less: Disposals	-	-	-
Balance as at March 31, 2022	**324**	**6,647**	**6,971**
II. Accumulated amortisation			
Opening Balance	**283**	**922**	**1,205**
Add: Amortisation expense	5	187	192
Less: Eliminated on disposal of assets	-	-	-
Balance as at March 31, 2022	**288**	**1,109**	**1,397**
Net block (I-II)			
Carrying value as at March 31, 2022	**36**	**5,538**	**5,574**
Carrying value as at March 31, 2021	32	5,725	5,757

For the year 2020-21

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

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All amounts are in ₹ Lakhs unless otherwise stated

4. Right of use assets

Particulars	As at March 31, 2022	As at March 31, 2021
Buildings	316	88
Leasehold land	1,018	1,028
Total	**1,334**	**1,116**

For the year 2021-22

Particulars	Buildings	Leasehold land	Total
I. Gross Block			
Opening Balance	**370**	**1,062**	**1,432**
Add: Additions	393	5	398
Balance as at March 31, 2022	**763**	**1,067**	**1,830**
II. Accumulated depreciation			
Opening Balance	**282**	**34**	**316**
Add: Depreciation expense	165	15	180
Balance as at March 31, 2022	**447**	**49**	**496**
Net block (I-II)			
Carrying value as at March 31, 2022	**316**	**1,018**	**1,334**
Carrying value as at March 31, 2021	88	1,028	1,116

For the year 2020-21

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

Note: Refer Note 34 on operating lease.

5. Investments in subsidiaries

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
Investments in debentures				
Pridhvi Asset Reconstruction and Securitisation Company Limited	4,29,600	31,468	-	-
0.01% Non-convertible redeemable debentures (Refer Note (i), (ii) and (iii) below)				
	4,29,600	31,468	-	-

Notes:

(i) Parent Company advanced loan to Jajpur Cements Private Limited (JCPL), Wholly owned subsidiary of the Company during the year aggregating to ₹ 46,483. JCPL invested an amount of ₹ 42,960 in 0.01% Non-cumulative, Non-convertible debentures issued by Pridhvi Asset Reconstruction And Securitisation Company Limited ("ARC" or "PARAS"). The Debentures are secured against Security Receipts invested in by the ARC & lying-in favour of the Debenture Trustee viz., Catalyst Trusteeship Limited. These Debentures are redeemable over a period of 3 years. In the event of default, the security receipts invested in by the ARC would be transferred to the Jajpur Cements Private Limited.

(ii) At initial recognition, the debentures are measured at fair value. The difference between the fair value at initial recognition and the transaction price is accounted as prepaid asset under Other assets. Accordingly, ₹ 30,866 is accounted as fair value of the debentures and ₹ 12,444 is accounted as prepaid expense. As at March 31, 2022, ₹ 602 (March 31, 2021: ₹ Nil.) has been recognised as interest income and added to cost of debentures.

(iii) The Company has complied with number of layers prescribed under clause 87 of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017.

All amounts are in ₹ Lakhs unless otherwise stated

6. Other financial assets (Unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Security deposits	1,857	1,663
Balances held as margin money deposit against borrowings	1,187	122
Total	**3,044**	**1,785**
Current		
Security deposits	351	176
Advances to employees	117	66
Interest accrued but not due	99	87
Derivative assets	-	6
Total	**567**	**335**
Total other financial assets	**3,611**	**2,120**

7. Other assets (Unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Capital advances	4,551	10,711
Advances to suppliers and service providers	71	65
Prepaid expenses (Refer Note 1 below)	8,759	209
Balances with government authorities	148	148
Total	**13,529**	**11,133**
Current		
Advances to suppliers and service providers (Refer Note 2 below)	4,289	1,012
Prepaid expenses (Refer Note 1 below)	5,221	470
Balances with government authorities	8,891	5,402
Excise duty refund receivable	194	194
Incentives receivable from government		
Unsecured, considered good	3,195	4,028
Considered doubtful	859	84
Less: Provision for doubtful	(859)	(84)
Total	**21,790**	**11,106**
Total other assets	**35,319**	**22,239**

Notes:

1. Net Prepaid Expense as of March 31, 2022 recognised on account of fair value of Debentures subscribed by M/s. Jajpur Cements Private Limited, wholly-owned subsidiary company during the year ₹ 11,753 (March 31, 2021: ₹ Nil.)
2. Includes ₹ 14 (March 31, 2021: Nil) advances given to related party. Also Refer Note 33.

8. Inventories (at lower of cost and net realisable value)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials	1,999	1,707
Coal	7,795	4,597
Work-in-progress	4,847	703
Stores and spares	3,811	3,204
Packing materials	649	539
Finished goods (includes inventory of ₹ 5 Lakhs on account of purchase stock for March 31, 2022)	1,476	729
Total (A)	**20,577**	**11,479**
Goods-in-transit:		
Raw materials	172	6
Coal	70	886
Packing materials	35	55
Finished goods	3	2
Total (B)	**280**	**949**
Total inventories (A+B)	**20,857**	**12,428**

Note: Refer Note 1(b)(xvi) for basis of valuation of inventory and refer Note 14 for details of inventory pledged.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

9. Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Trade receivables considered good – Secured	1,532	1,123
Trade receivables considered good – Unsecured	10,499	8,948
Trade receivables – credit impaired	1,104	902
Sub-total	**13,135**	**10,973**
Less: Expected credit loss allowance	(1,104)	(902)
Total trade receivables	**12,031**	**10,071**

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:

FY 2021-22:

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 year	More than 3 years	Total
(i) Undisputed Trade receivables							
- considered good	7,625	3,134	976	234	42	20	12,031
- which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables							
- credit impaired	-	77	77	56	60	722	992
- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	112	112
Total	**7,625**	**3,211**	**1,053**	**290**	**102**	**854**	**13,135**

FY 2020-21:

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 year	More than 3 years	Total
(i) Undisputed Trade receivables							
- considered good	7,166	2,289	189	253	151	23	10,071
- which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables							
- credit impaired	-	34	31	150	53	528	796
- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	106	106
Total	**7,166**	**2,323**	**220**	**403**	**204**	**657**	**10,973**

All amounts are in ₹ Lakhs unless otherwise stated

Movement in expected credit loss allowance

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	902	817
Add: Expected credit loss allowance	202	85
Balance at the end of the year	**1,104**	**902**

10. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash in hand	4	3
Balances with banks	1,802	860
Deposits with banks	12,500	21,651
Total Cash and cash equivalents	**14,306**	**22,514**

11. Other bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
Unpaid dividend account	55	64
Margin money deposits (Refer Note below)	1,908	2,841
Total Other bank balances	**1,963**	**2,905**

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

12. Equity share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 2 each (March 31, 2021: Equity Shares of ₹ 10 each) (Refer Note (a) below)	69,75,00,000	18,250	2,35,00,000	2,350
Issued, subscribed and fully paid:				
Equity shares of ₹ 2 each (March 31, 2021: Equity Shares of ₹ 10 each) (Refer Note (a) below)	11,75,00,000	2,350	2,35,00,000	2,350

Notes:

(a) The Board of Directors, at their meeting held on July 01, 2021, recommended for the sub-division of equity shares of the Company from existing face value of ₹ 10/- each into face value of ₹ 2/- each (i.e. split of 1 equity share of ₹ 10/- each into 5 equity shares of ₹ 2/- each), and the same has been approved by the shareholders in the Annual General Meeting of the Company held on July 28, 2021. Accordingly, face value of the equity shares of the Company now stand at ₹ 2/- each w.e.f. the record date namely August 18, 2021.

Pursuant to merger of Sagar Cements (R) Limited with the Company, authorised equity share capital of ₹ 11,600 and authorised preference share capital of ₹ 4,300 of Transferor Company stand transferred as authorised share capital of the Company (Refer Note 41)

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
Opening balance	2,35,00,000	2,350	2,22,75,000	2,228
Allotment of equity shares upon conversion of warrants (Refer Note 46(a))	-	-	12,25,000	122
Stock Split (₹ 10 each into ₹ 2 each)	9,40,00,000	-	-	-
Closing balance	**11,75,00,000**	**2,350**	**2,35,00,000**	**2,350**

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

The Company has only one class of equity shares having a par value of ₹2 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.

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

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares of ₹ 2 each	% of holding	No. of shares of ₹ 10 each	% of holding
S. Aruna	68,47,725	5.83%	13,69,545	5.83%
Dr. S. Anand Reddy	65,32,620	5.56%	13,06,524	5.56%
S. Sreekanth Reddy	61,97,015	5.27%	12,39,353	5.27%
R V Consulting Services Private Limited	80,11,490	6.82%	16,02,298	6.82%
AVH Resources India Private Limited	2,56,68,790	21.85%	51,33,754	21.85%

(e) Details of shares held by the promoters in the Company and change during the year:

Name of the shareholder	As at March 31, 2022			As at March 31, 2021		
	No. of shares of ₹ 2 each	% of total shares	% Change during the year	No. of shares of ₹ 10 each	% of total shares	% Change during the year
S. Aruna	68,47,725	5.83%	-	13,69,545	5.83%	-0.32%
Rachana Sammidi	58,36,415	4.97%	-	11,67,283	4.97%	-0.27%
Dr. S. Anand Reddy	65,32,620	5.56%	-	13,06,524	5.56%	-0.31%
S. Sreekanth Reddy	61,97,015	5.27%	-	12,39,353	5.27%	-0.29%
R V Consulting Services Private Limited	80,11,490	6.82%	-	16,02,298	6.82%	1.88%
Vanajatha Sammidi	49,53,845	4.22%	-	9,90,769	4.22%	-0.23%
Siddarth Sammidi	41,09,490	3.50%	-	8,21,898	3.50%	-0.19%
Aneesh Reddy Sammidi	41,09,485	3.50%	-	8,21,897	3.50%	-0.19%
Malathi Reddy Wdaru	37,77,000	3.21%	-	7,55,400	3.21%	-0.18%
Madhavi Nadikattu	26,69,000	2.27%	-	5,33,800	2.27%	-0.13%
P V Narsimha Reddy	10,000	0.01%	-	2,000	0.01%	0.00%
Andhra Pradesh Industrial Development Corporation	15,66,425	1.33%	-	3,13,285	1.33%	-0.08%
Panchavati Polyfibres Limited	1,57,500	0.13%	-	31,500	0.13%	-0.01%
Sagar Priya Housing And Industrial Enterprises Limited	43,00,000	3.66%	-	8,60,000	3.66%	-0.20%

(f) There are no shares allotted as fully paid-up by way of bonus shares or allotted as fully paid-up pursuant to contract without payment being received in cash, or bought back during the period of five years immediately preceding the reporting date.

(g) There are no securities which are convertible into equity shares. In the previous year 2020-21, the Company had converted 12,25,000 warrants into equal number of equity shares. (Refer Note 46)

13A. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Capital reserve	35	35
Securities premium	54,327	54,327
General reserve	3,598	3,598
Retained earnings	65,316	58,989
Other items for other incomprehensive income	(83)	(214)
Total other equity	**1,23,193**	**1,16,735**

All amounts are in ₹ Lakhs unless otherwise stated

Movement in other equity is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Reserve	**35**	**35**
Securities premium		
(i) Opening Balance	54,327	45,507
(ii) Premium on allotment of equity shares upon conversion of warrants (Refer Note 46(a))	-	8,820
	54,327	**54,327**
General Reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	58,989	43,283
(ii) Profit for the year	6,915	18,654
(iii) Effect of business combination (Refer Note 41)	-	(1,420)
	65,904	**60,517**
Less: Appropriations		
(i) Dividend on equity shares (Refer Note 40)	588	1,528
	65,316	**58,989**
Other items of other comprehensive income		
(i) Opening Balance	(214)	(221)
(ii) Other comprehensive income	131	7
	(83)	**(214)**
Money received against share warrants		
(i) Opening balance	-	2,236
(ii) Money received against share warrant (Refer Note 46(a))	-	6,706
(iii) Allotment of equity shares upon conversion of warrants (Refer Note 46(a))	-	(122)
(iv) Premium on allotment of equity shares upon conversion of warrants (Refer Note 46(a))	-	(8,820)
	-	**-**
Total	**1,23,193**	**1,16,735**

Nature of reserves:

(a) Capital reserve

This represents subsidies received from the government.

(b) Securities premium

Amounts received on issue of shares in excess of the par value has been classified as securities premium. The utilisation of securities premium is governed by the Section 52 of the Act.

(c) General reserve

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

(d) Retained earnings

Retained earnings comprises of undistributed earnings after taxes.

(e) Other items of other comprehensive income

Other items of other comprehensive income consist of re-measurement of net defined benefit liability.

(f) Money received against share warrants

This represents the moneys received against the share warrants allotted.

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All amounts are in ₹ Lakhs unless otherwise stated

13B. Non-controlling Interests ('NCI')

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at beginning of the year	5,351	5,393
Total comprehensive loss for the year attributable to NCI	(1,000)	(42)
Allotment of equity shares	20	-
Premium on allotment of equity shares	1,030	-
Balance at end of the year	**5,401**	**5,351**

Details of subsidiaries with the non-controlling interests:

Name of the subsidiary	Place of incorporation and principal place of business	Non-controlling interests	
		As at March 31, 2022	As at March 31, 2021
Sagar Cements (M) Private Limited (Formerly Known as Satguru Cement Private Limited)	India	35%	35%

14A. Non-current borrowings* (Secured, at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-convertible debentures (Refer Note (ii) below)	25,394	8,077
Term loans (Refer Note (i) below)	87,459	55,726
Total non-current borrowings	**1,12,853**	**63,803**

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

Notes (i):

As at March 31, 2022

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	1,094	4 quarterly instalments	6.50%
Axis Bank Limited (Refer Note 2 below)	491	12 monthly instalments	7.90%
HDFC Bank Limited (Refer Note 2 below)	2,194	50 monthly instalments	6.00%
Axis Finance Limited (Refer Note 2 below)	14,775	18 quarterly instalments	10.00%
Piramal Capital & Housing Finance Limited (Refer Note 2 below)	9,950	48 monthly instalments	11.00%
Axis Bank Limited (Refer Note 3 below)	1,150	8 quarterly instalments	7.90%
Axis Bank Limited (Refer Note 4 below)	2,533	16 quarterly instalments	7.90%
State Bank of India (Refer Note 5 below)	2,399	16 quarterly instalments	8.50%
State Bank of India (Refer Note 6 below)	55	1 monthly instalments	6.95%
Axis Bank Limited (Refer Note 7 below)	1,630	46 monthly instalments	6.50%
HDFC Bank Limited (Refer Note 8 below)	3,000	48 monthly instalments	6.50%
The Federal Bank Limited (Refer Note 9 below)	2,625	14 quarterly instalments	8.20%
State Bank of India (Refer Note 10 below)	11	1 monthly instalments	6.95%
The Federal Bank Limited (Refer Note 11 below)	1,011	48 monthly instalments	6.75%
Axis Bank Limited (Refer Note 12 below)	19,700	36 quarterly instalments	8.75%
Yes Bank Limited (Refer Note 13 below)	15,723	37 quarterly instalments	8.30%
State Bank of India (Refer Note 14 below)	20,745	37 quarterly instalments	9.25%
Vehicle loans from various banks/financial institutions (Refer Note 16 below)	573	2 - 36 monthly instalments	7.16% to 9.13%
Less: Current maturities of non-current borrowings	(12,200)		
	87,459		

All amounts are in ₹ Lakhs unless otherwise stated

As at March 31, 2021

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	2,193	8 quarterly instalments	6.50%
Axis Bank Limited (Refer Note 2 below)	991	24 monthly instalments	8.00%
Axis Bank Limited (Refer Note 3 below)	1,721	12 quarterly instalments	8.00%
Axis Bank Limited (Refer Note 4 below)	3,176	20 quarterly instalments	8.00%
State Bank of India (Refer Note 5 below)	2,399	16 quarterly instalments	9.00%
State Bank of India (Refer Note 6 below)	722	13 monthly instalments	7.25%
Axis Bank Limited (Refer Note 7 below)	1,701	48 monthly instalments	6.50%
HDFC Bank Limited (Refer Note 8 below)	3,000	48 monthly instalments	6.50%
The Federal Bank Limited (Refer Note 9 below)	3,125	18 quarterly instalments	8.00%
State Bank of India (Refer Note 10 below)	144	13 monthly instalments	7.25%
Axis Bank Limited (Refer Note 11 below)	11,970	36 quarterly instalments	8.85%
IndusInd Bank Limited (Refer Note 12 below)	12,397	37 quarterly instalments	9.65%
State Bank of India (Refer Note 13 below)	16,326	37 quarterly instalments	9.65%
Vehicle loans from various banks/financial institutions (Refer Note 15 below)	181	5 - 21 monthly instalments	8.50% to 9.31%
Less: Current maturities of non-current borrowings	(4,320)		
	55,726		

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. Term loan is secured by *pari passu* charge on the property, plant and equipment (including mining land) owned by or belonging to the Company, both present and future, and by a second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy – Managing Director and S. Sreekanth Reddy – Joint Managing Director.
10. This term loan is secured against all current assets, present and future, and by second charge on entire property, plant and equipment of the Company including land and building and are guaranteed by Dr. S. Anand Reddy – Managing Director and S. Sreekanth Reddy – Joint Managing Director.
11. This term loan is secured by first *pari passu* charge on asset to be created through proceeds of the loan and second *pari passu* charge on the property, plant and equipment (including mining land) owned by or belonging to the Company, both present and future, and by a second charge on the current assets of the Company and are guaranteed by National credit guarantee trustee Ltd.
12. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the borrower Company both present and future, hypothecation of all rights, title and interests of the borrower under all plant documents, contracts, insurance policies, permits/ approvals etc related to the plant, to which the borrower is party and can be legally assigned and pledged 96,54,000 equity shares of Jajpur Cements Private Limited including CCD's and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director and corporate guarantee of Sagar Cements Limited.
13. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the borrower Company both present and future. First pari-passu charge on all rights, title, interests, benefits, claims and demands whatsoever of the borrower in the project documents and in the clearances. First pari-passu charge on all the insurance contracts/ insurance proceeds of property, plant and equipment and pledged 15,10,972 equity shares and Non Disposable Undertaking (NDU) for the balance shareholding of Sagar Cements (M) Private Limited held by Sagar Cements Limited in

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All amounts are in ₹ Lakhs unless otherwise stated

favour of Axis Trustee Services Limited. Second charge on the current assets of the Company and are guaranteed by Dr S. Anand Reddy, Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited.

14. Term loan is secured by first pari-passu charge on the property, plant and equipment (including 30 Acres of project lease land excluding mining land) owned by or belonging to the borrower Company both present and future. First pari-passu charge on all rights, title, interests, benefits, claims and demands whatsoever of the borrower in the project documents, excluding mining land. First pari-passu charge on all the insurance contracts/ insurance proceeds of property, plant and equipment and pledged 15,10,972 equity shares of Sagar Cements (M) Private Limited held by Sagar Cements Limited in favour of Axis Trustee Services Limited. Second pari-passu charge on the current assets of the Company and are guaranteed by Dr S. Anand Reddy, Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited.
15. This term loan is secured by first *pari passu* charge on asset to be created through proceeds of the loan and second *pari passu* charge on the property, plant and equipment (including mining land) owned by or belonging to the Company, both present and future, and by a second charge on the current assets of the Company and are guaranteed by National credit guarantee trustee Ltd.
16. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.
17. The Company has used the borrowings for the purposes for which it was taken.

Note (ii):

1. Non-Convertible Debentures (NCD) have been issued to International Finance Corporation (IFC). A total of 1,500 NCD's have been issued (₹ 10 lakhs each) aggregating ₹ 15,000. Interest payable on the NCD's is @11.60%. The NCD's were issued on March 23, 2016. Interest is payable at half yearly rest with effect from May 31, 2016. Repayment for the NCD's are to be made in 13 equal half yearly instalments of ₹ 1,154 starting from May 2019 onwards. The Company has paid two instalment during the current year, six instalments were paid upto current year. The NCD's are secured by first *pari passu* charge on the property, plant and equipment i.e. Land, Buildings, Plant & Machinery and Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy – Managing Director and S. Sreekanth Reddy – Director.
2. Non-Convertible Debentures (NCD) have been issued to Investec Bank PLC-VRR 1 and Emerging India Credit Opportunities Fund I. A total of 25,000 NCD's have been issued (₹ 1 Lakh each) aggregating ₹ 25,000. Interest payable on the NCD's is @11.50%. The NCD's were issued on November 20, 2021. Interest is payable at half yearly rest with effect from June 01, 2022. Repayment for the NCD's are to be made in 5 equal half yearly instalments of ₹ 5,000 starting from December 01, 2022 onwards. The NCD's are 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. The Company has used the borrowings for the purposes for which it was taken.

14B. Current borrowings (Secured, amortised at cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Loans repayable on demand		
Cash credit facilities (Refer Notes below)	17,974	10,217
Current maturities of non-current borrowings	19,508	6,628
Total secured borrowings	**37,482**	**16,845**

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. (2020-21: 7.90% p.a. to 8.85% 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 @ 7.60% p.a. to 7.70% p.a. (2020-21: 7.70% p.a. to 8.40% 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 @ 7.20% p.a. to 7.90% p.a. (2020-21: 7.90% p.a. to 8.40% p.a.).
4. The Company has availed cash credit facilities from State Bank of India. This facility is secured by first *pari passu* charge against all current assets, present and future, and by second *pari passu* charge on entire property, plant and equipment of the Company including land and building and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy – Joint Managing Director. The loans are repayable on demand and carries interest @ 7.90% p.a. (2020-21: 7.90% p.a to 9.80% p.a.).
5. The Company has availed cash credit facilities from The Federal Bank Limited. This facility is secured by first *pari passu* charge against all current assets, present and future, and by second *pari passu* charge on property, plant and equipment (movable and immovable, including mining land) of the Company, present and future, and are guaranteed by Dr. S. Anand Reddy – Managing Director and S. Sreekanth Reddy – Joint Managing Director. The loans are repayable on demand and carries interest @ 7.90% p.a. (2020-21: 7.90% p.a. to 8.95% p.a.).

All amounts are in ₹ Lakhs unless otherwise stated

6. 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 movable property, plant and equipment and negative lien on immovable property, plant and equipment of the Company, present and future, and are guaranteed by Dr. S. Anand Reddy – Director and S. Sreekanth Reddy – Managing Director. The loans are repayable on demand and carries interest @ 7.60% p.a. (2020-21: Nil).

7. The Company has availed cash credit facilities from Yes 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 movable property, plant and equipment and negative lien on immovable property, plant and equipment of the Company, present and future, and are guaranteed by Dr. S. Anand Reddy – Director and S. Sreekanth Reddy – Director and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 7.85% p.a. to 7.95% p.a. (2020-21: Nil).

8. 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 movable property, plant and equipment and including EM of 30 acres of project lease land (mining land excluded), and are guaranteed by Dr. S. Anand Reddy – Director and S. Sreekanth Reddy – Director and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 7.80% p.a. (2020-21: Nil).

9. The Company has used the borrowings for the purposes for which it was taken.

10. The quarterly returns of current assets filed by the Company with banks are in agreement with the books of account.

15. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Security deposits received	6,568	5,757
Loan from others	193	55
Loans from related party	91	1,187
Total	**6,852**	**6,999**
Current		
Interest accrued but not due on borrowings	1,634	637
Unclaimed dividends (Refer Note below)	55	64
Payables on purchase of property, plant and equipment	1,415	1,090
Total	**3,104**	**1,791**
Total other financial liabilities	**9,956**	**8,790**

Note:

As at March 31, 2022 (March 31, 2021 ₹ 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.

16. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Gratuity (Refer Note 31)	582	656
Compensated absences (Refer Note 31)	477	411
Total provisions	**1,059**	**1,067**
Non-current		
Gratuity	403	333
Compensated absences	348	291
Total	**751**	**624**
Current		
Gratuity	179	323
Compensated absences	129	120
Total	**308**	**443**

17. Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises (MSME)	214	17
Total outstanding dues of creditors other than micro enterprises and small enterprises	21,885	22,882
Total	**22,099**	**22,899**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Trade payables ageing schedule for the year ended March 31, 2022 and March 31, 2021:

FY 2021-22:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 year	More than 3 years	
(i) MSME	-	214	-	-	-	-	214
(ii) Others	3,547	15,048	2,942	21	50	277	21,885
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	**3,547**	**15,262**	**2,942**	**21**	**50**	**277**	**22,099**

FY 2020-21:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 year	More than 3 years	
(i) MSME	-	17	-	-	-	-	17
(ii) Others	2,621	16,872	2,893	50	4	442	22,882
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	**2,621**	**16,889**	**2,893**	**50**	**4**	**442**	**22,899**

18. Other liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Liability for land restoration	229	229
Total	**229**	**229**
Current		
Advance from customers	6,709	5,149
Statutory remittances	3,569	3,273
Total	**10,278**	**8,422**
Total other liabilities	**10,507**	**8,651**

19. Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from		
- Sale of cement (Refer Note 39)	1,58,623	1,34,937
- Sale of power	711	320
Other operating income		
- Sale of scrap	298	95
- Incentives from government	-	1,714
- Insurance claims	45	49
- Others	10	17
Total revenue from operations	**1,59,687**	**1,37,132**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

20. Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income on financial assets at amortised cost	1,182	328
Rent received from employees	19	21
Profit on sale of property, plant & equipment	-	50
Liabilities no longer required written back	81	46
Net gain on foreign currency transactions and translation	60	333
Total other income	**1,342**	**778**

21. Cost of materials consumed

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening stock	1,707	1,117
Add: Purchases	25,804	20,300
Less: Closing stock	1,999	1,707
Total cost of materials consumed	**25,512**	**19,710**
Details of materials consumed		
Limestone	7,994	5,296
Laterite	3,527	2,624
Iron-ore sludge	392	390
Gypsum	2,129	1,472
Flyash	2,709	1,966
Clinker Purchased	257	351
Slag	3,274	2,155
Others	6,374	5,456
Less: Captive consumption	(1,144)	-
Total	**25,512**	**19,710**

22A. Purchase of Stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cement	1,906	2,028
Total Purchase of stock-in-trade	**1,906**	**2,028**

22B. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the beginning of the year:		
Finished goods	729	1,413
Work-in-progress	703	2,255
	1,432	**3,668**
Inventories at the end of the year:		
Finished goods	1,471	729
Work-in-progress	4,847	703
	6,318	**1,432**
Net (increase)/decrease	**(4,886)**	**2,236**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

23. Employee benefits expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages, including bonus	7,612	6,874
Contribution to provident and other funds (Refer Note 31)	787	604
Staff welfare expenses	746	540
Less: Employee benefits capitalised	(590)	(382)
Total employee benefit expenses	**8,555**	**7,636**

24. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense	10,216	5,443
Less: Borrowing costs on qualifying assets capitalised	(3,516)	(1,745)
Interest on deposits from dealers	252	232
Interest on lease liability (Refer Note 34)	43	23
Other borrowing cost	2,253	703
Total finance cost	**9,248**	**4,656**

25. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer Note 2)	8,958	7,838
Depreciation on right of use assets (Refer Note 4 and 34)	180	161
Amortisation of intangible assets (Refer Note 3)	192	169
Less: Depreciation expenses capitalised	(59)	(65)
Total depreciation and amortisation	**9,271**	**8,103**

26. Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Packing materials consumed	6,705	5,017
Stores and spares consumed	4,177	2,846
Repairs and maintenance		
Plant & equipment	2,406	1,888
Buildings	167	126
Others	1,195	1,019
Selling expenses	2,650	2,537
Expected credit loss allowances	202	85
Provision for incentives receivable from government	775	84
Rent	173	133
Insurance	276	218
Rates and taxes	212	170
Expenditure on corporate social responsibility	255	130
Payment to Auditors	105	91
Travelling and conveyance	421	219
Security services	315	263
Donations and contributions	145	212
Legal and other professional	802	606
Administrative expenses	265	253
Printing and stationery	64	37
Communication	70	68
Net loss on fair value change in financial instruments	6	166
Directors sitting fees	46	25
Miscellaneous expenses	125	105
Loss on sale of asset	38	-
Captive consumption	-	(385)
Total other expenses	**21,595**	**15,913**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

27. Income tax expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Income tax recognised in the statement of profit and loss		
Current Tax:		
In respect of the current year	3,056	4,229
	3,056	4,229
Deferred Tax		
In respect of current year origination and reversal of temporary differences	1,488	9,451
MAT Credit	(59)	(4,229)
	1,429	**5,222**
Total tax expense	**4,485**	**9,451**

Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax (A)	10,400	28,063
Statutory tax rate in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	**3,634**	**9,805**
Permanent difference		
Effect on Income disallowed under Income Tax Act, 1961	(212)	(23)
Effect on expenses disallowed under Income Tax Act, 1961	539	209
Effect on change in depreciation while filing Income tax return	-	6
Effect on change in Income tax rate	-	(531)
Effect of Tax paid at a lower rate	524	25
Others	-	(40)
Total	**851**	**(354)**
At the effective income tax rate	4,485	9,451
Total Tax expense	**4,485**	**9,451**

Movement in deferred tax assets and liabilities for the year 2021-22:

Particulars	Opening balance	(Recognised)/ reversed through the statement of profit and loss	Recognised through other comprehensive income	Effect of business combination (Refer Note 41)	Other adjustments	Closing balance
Property, plant and equipment and intangible assets	19,052	2,838	-	-	-	21,890
Provision for employee benefits	(364)	7	69	-	-	(288)
Expected credit loss allowance	(314)	(71)	-	-	-	(385)
MAT credit entitlement	(8,943)	(59)	-	-	-	(9,002)
Carry forward unabsorbed depreciation and business losses	(2,576)	(1,044)	-	-	-	(3,620)
Others	(124)	(242)	-	-	-	(366)
Total Deferred tax liability (Net)	**6,731**	**1,429**	**69**	**-**	**-**	**8,229**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	Opening balance	(Recognised)/ reversed through the statement of profit and loss	Recognised through other comprehensive income	Effect of business combination (Refer Note 41)	Other adjustments	Closing balance
Property, plant and equipment and intangible assets	17,550	2,269	-	(763)	(4)	19,052
Provision for employee benefits	(449)	81	4	-	-	(364)
Expected credit loss allowance	(277)	(37)	-	-	-	(314)
MAT credit entitlement	(4,714)	(4,229)	-	-	-	(8,943)
Carry forward unabsorbed depreciation and business losses	(9,702)	7,126	-	-	-	(2,576)
Others	(136)	12	-	-	-	(124)
Total Deferred tax liability (Net)	**2,272**	**5,222**	**4**	**(763)**	**(4)**	**6,731**

Gross deferred tax assets and liabilities are as follows:

As at March 31, 2022	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(2,108)	19,782	21,890
Provision for employee benefits	(1)	(289)	(288)
Expected credit loss allowance	3	(382)	(385)
MAT credit entitlement	-	(9,002)	(9,002)
Carry forward business losses and depreciation	3,620	(340)	(3,960)
Others	26	-	(26)
Total	**1,540**	**9,769**	**8,229**

Gross deferred tax assets and liabilities are as follows:

As at March 31, 2021	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	4	19,056	19,052
Provision for employee benefits	-	(364)	(364)
Expected credit loss allowance	3	(311)	(314)
MAT credit entitlement	-	(8,943)	(8,943)
Carry forward business losses and depreciation	40	(98)	(138)
Others	26	(2,536)	(2,562)
Total	**73**	**6,804**	**6,731**

Current tax assets and liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Income tax assets (Net of provision of ₹ 4,849 (2020-21: ₹ 4,415))	480	450
Income tax liabilities (Net of advance tax and TDS receivable for an amount of ₹ 2,723 (2020-21: ₹ 3,807)	1,275	1,164
Net Income tax liabilities	**(795)**	**(714)**

28. Contingent liabilities, corporate guarantees and capital commitments

a) Contingent Liabilities:

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

i) Claims against the Group not acknowledged as debt:

Particulars	As at March 31, 2022	As at March 31, 2021
Direct taxes related	3,923	2,020
Indirect taxes related	1,323	1,315
Others	428	428

All amounts are in ₹ Lakhs unless otherwise stated

ii) The Finance Minister of Government of India has announced, in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 01, 2010. As advised by the legal experts the Group took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,612 (As at March 31, 2021: ₹ 1,612) from July 2010 to September 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 1,601 was reversed, but under protest. The balance of ₹ 11 pertains to penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. As at March 31, 2022, the matter is pending before the central excise department and pending resolution, CENVAT credit has not been availed by the Group.

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

b) Corporate Guarantees given to subsidiary companies:

Subsidiary	Guarantee against	Guarantee provided to	As at March 31, 2022	As at March 31, 2021
Jajpur Cements Private Limited	Term loan from Axis Bank Limited	Axis Bank Limited	20,000	20,000
Sagar Cements (M) Private Limited	Term loan from State Bank of India and Yes Bank Limited	Axis Trustee Services Limited	37,000	31,000
Total			**57,000**	**51,000**

Pursuant to merger of Sagar Cements (R) Limited (SCRL) with the Company, the corporate guarantee given by the Company for SCRL borrowings stand rescinded.

c) Capital Commitments:

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	7,386	24,641

29. 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, 2022	As at March 31, 2021
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	214	17
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Act.	-	-

30. Financial Instruments:

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

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

A. Capital Management

The group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the group consists of net debt (borrowings as detailed in Notes 14 & 15 offset by cash and bank balances) and total equity of the group. The group is not subject to any externally imposed capital requirements. The group's management reviews the capital structure of the group on a monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

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

Description	As at March 31, 2022	As at March 31, 2021 (Refer Note 41)
Debt (Refer Note below)	1,50,619	81,890
Cash and cash equivalents and Other bank balances	16,269	25,419
Net debt	1,34,350	56,471
Total equity	1,30,944	1,24,436
Net debt to equity ratio	1.03	0.45

Note: Debt comprises of current and non-current borrowings as described in Notes 14 and 15.

B. Categories of financial instruments:

The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021 (Refer Note 41)
Financial assets		
Measured at fair value through profit and loss (FVTPL)		
Derivative Assets	-	6
Measured at amortised cost		
(i) Investments	31,468	
(ii) Trade receivables	12,031	10,071
(iii) Cash and cash equivalents	14,306	22,514
(iv) Other bank balances	1,963	2,905
(v) Other financial assets	3,611	2,115
Total Financial assets	**63,379**	**37,611**

Particulars	As at March 31, 2022	As at March 31, 2021 (Refer Note 41)
Financial liabilities		
Measured at amortised cost		
(i) Borrowings	1,50,335	80,648
(ii) Trade payables	22,099	22,899
(iii) Lease liabilities	489	235
(iv) Other financial liabilities	9,956	8,790
Total Financial liabilities	**1,82,879**	**1,12,572**

C. Financial risk management objectives:

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

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

All amounts are in ₹ Lakhs unless otherwise stated

D. Market risk:

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

Interest rate risk management:

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

Interest rate sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group's: Profit for the year ended March 31, 2022 would decrease/increase by ₹ 753 (for the year ended March 31, 2021: decrease/increase by ₹ 409). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Group. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. There are no outstanding derivative instruments at the end of the current financial year.

E. Credit risk management:

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

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

F. Liquidity risk management:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they become due. The group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the group has unutilised credit limits with banks. The group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2022 and March 31, 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

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

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Financing facilities:

Particulars	As at March 31, 2022	As at March 31, 2021
Secured bills acceptance facility, reviewed annually		
- amount used	5,124	5,404
- amount unused	18,176	7,096
Total	**23,300**	**12,500**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	17,974	10,217
- amount unused	9,226	6,983
Total	**27,200**	**17,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	99,659	46,756
- amount unused	1,665	6,898
Total	**1,01,324**	**53,654**
Secured non-convertible debentures		
- amount used	32,702	10,385
- amount unused	-	-
Total	**32,702**	**10,385**

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	22,099	-	-
Lease liabilities	190	161	138
Other financial liabilities	3,104	670	6,182
Borrowings (including current maturities of non-current borrowings)	37,482	27,106	85,747

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

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

31. Employee benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 393 (2020-21: ₹ 341). In the financial year 2021-22, as the project is under implementation, provident fund expenditure of ₹ 33 (2020–21: ₹ 27) relating to Jajpur Cements Private Limited and Sagar Cements (M) Private Limited transferred to CWIP.

Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administrated by Life Insurance Corporation of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 41 (2020–21: ₹ 34).

All amounts are in ₹ Lakhs unless otherwise stated

Employee State Insurance

The group makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognised during the year aggregated ₹ 4.67 (2020–21: ₹ 3). In the financial year 2021-22, as the project is under implementation, employee state insurance expenditure of ₹ 0.44 (2020–21: ₹ 0.01) relating to Sagar Cements (M) Private Limited transferred to CWIP.

(ii) Defined benefit plan:

Gratuity:

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

The following table sets out the funded status of the gratuity plan and the amounts to be recognised in the financial statements as per actuarial valuation as at March 31, 2022 and March 31, 2021:

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	7.33%	6.46% - 6.92%
Expected rate of return on plan asset	6.75% - 7.35%	7.26% - 7.60%
Expected average remaining working lives of employees	16.69 – 22.62 years	10.49 – 20.22 years
Rate of escalation in salary	8% - 10%	10%
Attrition rate	10%	10%

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Amount recognised in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	215	187
Interest expense	96	89
Other adjustments	5	6
Expected return on plan assets	(62)	(45)
Defined benefit cost included in profit and loss	**254**	**237**
Remeasurement effects recognised in Other Comprehensive Income (OCI):		
Remeasurements – Due to financial and experience adjustments	(212)	(13)
Return on plan assets (excluding interest income)	12	2
Components of defined benefit costs recognised in OCI	**(200)**	**(11)**

c) **Key Result – Reconciliation of fair value of assets and obligations:**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Present value of funded defined benefit obligations	1,552	1,560
Fair value of plan assets	(970)	(904)
Net liability arising from defined benefit obligation	582	656

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Defined benefit obligation at the beginning of the year	1,560	1,455
Current service cost	215	187
Interest cost	96	89
Re-measurements – Actuarial gain	(212)	(13)
Benefits paid out of plan assets and by employer	(107)	(158)
Defined benefit obligation at the year end	**1,552**	**1,560**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Within 1 year	180	321
1 – 2 years	199	156
2 – 3 years	201	170
3 – 4 years	142	170
4 – 5 years	167	123
5 – 10 years	623	599

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening fair value of the plan assets	904	501
Expected return on plan assets	63	45
Contributions from the employer	115	485
Benefits paid out of plan assets	(98)	(122)
Other adjustments	(1)	(5)
Re-measurement – Return on Assets (excluding interest income)	(13)	-
Fair value of plan asset at the year end	**970**	**904**

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	Defined benefit Obligation			
	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	1,323	1,478	1,398	1,554
Effect of 1% change in assumed salary rate	1,476	1,320	1,552	1,395
Effect of 1% change in assumed attrition rate	1,388	1,405	1,460	1,485

The group is expected to contribute ₹ 421 Lakhs to its defined benefit plans during the next financial year.

Compensated absences:

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

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

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Discount Rate	7.33%	6.46% - 6.92%
Salary escalation rate	8% - 9.30%	10%
Attrition rate	10%	10%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

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

32. Segment Reporting:

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

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

Particulars	Manufacturing of cement		Power generation		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Revenue	**1,58,976**	**1,36,812**	**13,143**	**8,861**	**1,72,119**	**1,45,673**
Less: Inter-segment revenue	-	-	12,432	8,541	12,432	8,541
Total	**1,58,976**	**1,36,812**	**711**	**320**	**1,59,687**	**1,37,132**
Segment result	**18,427**	**32,480**	**39**	**(89)**	**18,466**	**32,391**
Unallocable:						
- Finance Costs					9,248	4,656
- Interest income					(1,182)	(328)
Profit before taxes					**10,400**	**28,063**
Tax expense					(4,485)	(9,451)
Profit for the year					**6,357**	**18,612**

Particulars	Manufacturing of cement		Power generation		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Segment assets	**2,38,622**	**1,91,186**	**30,424**	**32,458**	**2,69,046**	**2,23,644**
Un-allocable assets					67,387	31,050
Total assets					**3,36,433**	**2,54,694**
Segment liabilities	**41,964**	**39,489**	**222**	**265**	**42,186**	**39,754**
Un-allocable liabilities					1,63,303	90,504
Total liabilities					**2,05,489**	**1,30,258**

Revenue from major Customers:

The Group is not reliant on revenues from transactions with any single external customer and did not receive 10% or more of its revenues from transactions with any single customer for the year ended March 31, 2022 and March 31, 2021.

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33. Related Party Disclosures:

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

Name	Relationship
Key managerial personnel (KMP):	
Kolappa Thanu Pillai	Chairman of the Board of Directors
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Onteddu Rekha	Independent Director
N. Sudha Rani	Nominee Director
Valliyur Hariharan Ramakrishnan	Independent 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
S. Sahithi	Daughter 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, 2022	For the year ended March 31, 2021
Purchase of packing materials	Panchavati Polyfibres Limited	7,240	5,680
Purchase of property, plant and equipment	RV Consulting Services Private Limited	9,717	6,340
Rent expenses paid	Dr. S. Anand Reddy	41	39
	S. Sreekanth Reddy	41	39
	S. Vanajatha	41	39
	Total	**123**	**117**
Interest expense on loan	Sagar Power Limited	45	99
Loan taken repaid	Sagar Power Limited	900	-
Services received	Sagarsoft (India) Limited	51	56
Reimbursement of expenses received	Sagarsoft (India) Limited	7	8
	RV Consulting Services Private Limited	13	8
	Panchavati Polyfibres Limited	4	6
	Sagar Power Limited	2	3
	Total	**26**	**25**
Payment of salary	S. Siddarth	4	2
	S. Sahithi	46	36
	Total	**50**	**38**
Received against warrant conversion	RV Consulting Services Private Limited	-	2,190
	AVH Resources India Private Limited	-	4,243
	Total	**-**	**6,433**
Dividend paid	S. Vanajatha	25	64
	RV Consulting Services Private Limited	40	103
	S. Siddarth	21	53
	Panchavati Polyfibres Limited	1	2
	AVH Resources India Private Limited	128	334
	Total	**215**	**556**

All amounts are in ₹ Lakhs unless otherwise stated

Compensation to key managerial personnel:

Nature of transaction	Party Name	For the year ended March 31, 2022	For the year ended March 31, 2021
Short-term benefits	MD, JMD, CS and CFO	1,571	1,504
Sitting fee	Chairman, MD, JMD, CS, CFO and Directors	46	25
Dividend paid	MD, JMD, CS, CFO and Directors	93	242

Outstanding balances:

Nature of the balance	Party Name	As at March 31, 2022	As at March 31, 2021
Advances & deposits given	Sagar Power Limited	1	-
	RV Consulting Services Private Limited	13	-
	Total	**14**	**-**
Loans taken	Sagar Power Limited	-	900
Trade payables	Panchavati Polyfibres Limited	711	796
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	1	-
Capital advances	RV Consulting Services Private Limited	1,718	4,298

34. Operating Lease

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

Operating lease commitments

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

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

The group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recogni ed as an expense on a straight-line basis over the lease term.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022 and March 31, 2021:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Balance	1,116	1,176
Additions	398	101
Depreciation	(180)	(161)
Closing Balance	**1,334**	**1,116**

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

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

The following is the movement in lease liabilities during the year ended March 31, 2022 and March 31, 2021:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Balance	235	278
Additions	398	101
Finance cost accrued during the year	43	23
Payment of lease liabilities	(187)	(167)
Closing Balance	**489**	**235**

The following is the break-up of current and non-current lease liabilities as at March 31, 2022 and March 31, 2021:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Non-current lease liabilities	299	188
Current lease liabilities	190	47
Total	**489**	**235**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 and March 31, 2021 on discounted basis

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Within one year	190	47
After one year but not more than five years	191	87
More than 5 years	**108**	**101**

35. Earnings per Share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 (Refer Note 41)
Profit after tax (₹ in Lakhs)	5,915	18,612
Weighted average number of equity shares outstanding (Refer Note 12(a))	11,75,00,000	11,56,54,110
Earnings per share:		
Basic and Diluted (in ₹)	5.03	16.09

36. 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 Group and the amount needs to be spent by the Group for the year is 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, medical and other social projects. All these activities are covered under Schedule VII to the Companies Act, 2013. The details of amount spent are:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Amount required to be spent by the group during the year	243	106
Amount of expenditure incurred	255	130
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	10
Reason for shortfall	NA	Due to the year-end lockdown on account of covid-19
Nature of CSR activities	Promoting sports, education, medical and other social projects	
Details of related party transactions, e.g. Contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	NA	NA

Notes to the Consolidated Financial Statements

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

Name of the entity	Relationship	Principal place of business	Ownership held by	% of Holding and voting power held directly	
				As at March 31, 2022	As at March 31,2021
Jajpur Cements Private Limited	Subsidiary	India	Sagar Cements Limited	100%	100%
Sagar Cements (M) Private Limited	Subsidiary	India	Sagar Cements Limited	65%	65%

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

As at and for the year ended March 31, 2022:

Name of the entity	Net assets, i.e. total assets minus total liabilities		Share of profit and loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	99%	1,29,411	175%	10,378	97%	127	174%	10,505
Sagar Cements (M) Private Limited (Formerly Known as Satguru Cement Private Limited) (Subsidiary)	12%	15,905	(48%)	(2,858)	2%	3	(47%)	(2,855)
Jajpur Cements Private Limited (Subsidiary)	7%	9,256	(26%)	(1,545)	1%	1	(26%)	(1,544)
Adjustments arising out of consolidation	(14%)	(18,227)	16%	940	(1%)	(1)	16%	939
Non-controlling interests	(4%)	(5,401)	(17%)	(1000)	1%	1	(17%)	(999)
Total	**100%**	**1,30,944**	**100%**	**5,915**	**100%**	**131**	**100%**	**6,046**

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

Name of the entity	Net assets, i.e. total assets minus total liabilities		Share of profit and loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	96%	1,19,494	102%	18,926	100%	7	102%	18,933
Sagar Cements (M) Private Limited (Formerly Known as Satguru Cement Private Limited) (Subsidiary)	12%	15,699	(1%)	(119)	-	-	(1%)	(119)
Jajpur Cements Private Limited (Subsidiary)	7%	8,225	(1%)	(131)	-	-	(1%)	(131)
Adjustments arising out of consolidation	(11%)	(13,631)	(0%)	(22)	-	-	(0%)	(22)
Non-controlling interests	(4%)	(5,351)	(0%)	(42)	-	-	(0%)	(42)
Total	**100%**	**1,24,436**	**100%**	**18,612**	**100%**	**7**	**100%**	**18,619**

Note:

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

39. Reconciliation of revenue as per contract price and recognised in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue as per Contract price	1,96,517	1,57,785
Less: Discounts and incentives	(37,894)	(22,848)
Revenue as per statement of profit and loss	**1,58,623**	**1,34,937**

- 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 Group does not provide performance warranty for products, therefore there is no liability towards performance warranty.
- The Group 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.

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40. Dividend

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividend is recorded as liability on the date of declaration by the Company's Board of Directors.

The Parent Company declares and pays dividend in Indian rupees. Companies are required to pay/ distribute dividend after deducting applicable withholding income taxes.

The amount of per share dividend (Refer Note (12(a)) recognised as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Final dividend for FY 2020-21	2.50	-
Interim dividend for FY 2020-21	-	4.00
Final dividend for FY 2019-20	-	2.50

During the year ended March 31, 2022, on account of the final dividend for the financial year 2020-21, the Parent Company has incurred a net cash outflow of ₹ 588.

The Board of Directors at their meeting held on May 11, 2022, recommended a dividend of ₹ 0.70 per equity share of ₹ 2 each (35%) on the 13,07,07,548 equity shares of the Parent Company. This payment is subject to approval of the shareholders in the upcoming Annual general meeting and if approved would result in the net cash outflow of approximately ₹ 915.

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

41. On July 12, 2021, the Company had filed a Scheme of Amalgamation under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 for the merger of Sagar Cements (R) Limited (SCRL) (Transferor Company), a wholly owned subsidiary, with the Company (Transferee Company) with an appointed date of March 30, 2021. The scheme as approved by various regulatory authorities was sanctioned by Hyderabad bench of National Company Law Tribunal (NCLT) on March 15, 2022. The transaction being a common control business combination, merger accounting has been done under the Pooling of Interest Method in accordance with Ind AS 103 - Business combination. Accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts and prior period amounts have been restated as if the business combination had occurred from the beginning of the preceding period.

Details of the summarised values of assets and liabilities of SCRL as acquired and the treatment of the difference between the net assets acquired and the consideration paid is as under:

Particulars	Transferor Company	Elimination (Refer Note 1 below)	Adjustments (Refer Note 2 below)	Total
Assets				
Non-current assets				
(a) Property, plant and equipment	42,954	-	(2,183)	40,771
(b) Capital work-in-progress	322	-	-	322
(c) Intangible assets	10	-	-	10
(d) Goodwill	-	3,873	-	3,873
(e) Mining rights	-	2,522	-	2,522
(f) Right of use assets	25	-	-	25
(g) Other Non-current financial assets	345	(101)	-	244
(h) Income tax assets (net)	155	-	-	155
(i) Deferred tax assets	2,074	-	763	2,837
(j) Other non-current assets	43	-	-	43
Total Non-current assets	**45,928**	**6,294**	**(1,420)**	**50,802**

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Particulars	Transferor Company	Elimination (Refer Note 1 below)	Adjustments (Refer Note 2 below)	Total
Current assets				
(a) Inventories	3,513	-	-	3,513
(b) Trade receivables	4,190	-	-	4,190
(c) Cash and cash equivalents	7	-	-	7
(d) Bank balances other than cash and cash equivalents	69	-	-	69
(e) Other financial assets	70	-	-	70
(f) Other current assets	1,093	-	-	1,093
Total Non-current assets	**8,942**	**-**	**-**	**8,942**
Total Assets	**54,870**	**6,294**	**(1,420)**	**59,744**
Equity and Liabilities				
Equity				
Equity share capital	10,381	(10,381)	-	-
Other equity	(4,671)	(1,777)	(1,420)	(7,868)
Total equity	**5,710**	**(12,158)**	**(1,420)**	**(7,868)**
Liabilities				
Non-current liabilities				
(a) Borrowings	23,676	(10,019)	-	13,657
(b) Lease liabilities	25	-	-	25
(c) Other financial liabilities	1,625	-	-	1,625
(d) Provisions	123	-	-	123
(e) Other non-current liabilities	50	-	-	50
Total Non-current liabilities	**25,499**	**(10,019)**	**-**	**15,480**
Current liabilities				
(a) Borrowings	3,298	-	-	3,298
(b) Trade payables	5,381	-	-	5,381
(c) Lease liabilities	2	-	-	2
(d) Other financial liabilities	9,150	(5,792)	-	3,358
(e) Provisions	47	-	-	47
(f) Other current liabilities	5,783	(4,814)	-	969
Total Current liabilities	**23,661**	**(10,606)**	**-**	**13,055**
Total	**54,870**	**(32,783)**	**(1,420)**	**20,667**

Details of impact on net profit and taxes is summarised below:

Particulars	For the year ended March 31, 2021
Net Profit for the year	
As per financial statements of FY 2020-21	18,560
Add: Adjustment due to merger	52
Net Profit for the year post merger	**18,612**
Total Tax for the year	
As per financial statements of FY 2020-21	9,551
Less: Adjustment due to merger	(100)
Tax charge on profits for the year post merger	**9,451**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Details of impact on statement of cash flows is summarised below:

Particulars	For the year ended March 31, 2021
Net cash generated from operating activities	
As per financial statements of FY 2020-21	37,717
Less: Adjustment due to merger	(65)
Net cash generated from operating activities post merger	**37,652**
Net cash used in investing activities	
As per financial statements of FY 2020-21	(47,659)
Add: Adjustment due to merger	65
Net cash used in investing activities post merger	**(47,594)**
Net cash generated from financing activities	
As per financial statements of FY 2020-21	32,166
Less: Adjustment due to merger	-
Net cash generated from financing activities post merger	**32,166**
Net increase in cash and cash equivalent	
As per financial statements of FY 2020-21	22,224
Less: Adjustment due to merger	-
Net increase in cash and cash equivalent post merger	**22,224**

Notes:

1. Represents elimination between Transferor Company and Transferee Company.
2. Effects of alignment of accounting policies between transferor Company and transferee Company.

42. The Board of Directors at their meeting held on January 28, 2022, approved a proposal to merge its wholly owned subsidiary “Jajpur Cements Private Limited” with the Company subject to necessary regulatory approvals to be obtained in due course.

43. In the Extra-ordinary General meeting held on April 23, 2022, the shareholders approved the issuance of 1,32,07,548 equity shares at a price of ₹ 265/- per share, (including premium of ₹ 263/- per share) on a preferential basis to PI Opportunities Fund -1 Scheme II. Consequently, the Securities Allotment Committee of the Board of Directors allotted the said shares on May 07, 2022. Pursuant to the above allotment, the paid-up equity share capital of the Parent Company increased from ₹ 2,350/- to ₹ 2,614/-, divided into 13,07,07,548 equity shares of ₹ 2/- each.

44. Pursuant to the certificate of incorporation dated October 29, 2021, the Company’s subsidiary Satguru Cement Private Limited was renamed to Sagar Cements (M) Private Limited.

45. Capital Work-in-Progress:

(a) Capital Work-in-Progress ageing:

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

Particulars	Amount of Capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	6,785	2,613	629	23	10,050

Ageing for capital work-in-progress as at March 31, 2021 is as follows:

Particulars	Amount of Capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	41,489	9,172	1,081	6	51,748

There are no projects where activity has been suspended or completion is overdue or exceeded its cost compared to its original plan.

All amounts are in ₹ Lakhs unless otherwise stated

(b) Capitalisation of expenditure:

During the year, the following amount of expenditures are recognised in the carrying amount of Property, Plant and Equipment/ Capital work-in-progress (CWIP) in the course of its construction.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Expenditure during construction for projects		
Raw materials consumed	984	-
Power and fuel consumed	1,070	149
Employee benefits expense	590	382
Rates and taxes	72	71
Depreciation	59	65
Finance costs	3,516	1,745
Miscellaneous expenses	1,321	404
Total Pre-operative expenses	**7,612**	**2,816**
Less: Sale of products/Other income	(2,164)	(2)
Add: Balance at the beginning of the year	**3,868**	**1,054**
Less: Capitalised during the year	(8,688)	-
Closing balance included in CWIP	**628**	**3,868**

Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

46. (a) Warrants and Proceeds

During the year ended March 31, 2019, Parent made a preferential allotment of 31,00,000 convertible warrants of ₹ 730 each to promoter and non-promoter entities on January 24, 2019 and received 25% of the consideration of ₹ 5,658 upon allotment of such warrants. The objective of raising funds through preferential allotment was to invest in Sagar Cements (M) Private Limited (SCMPL) (Formerly known as Satguru Cement Private Limited) 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 previous year, 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 utilised for the purposes for which funds were raised. With the said conversion, there are no more outstanding warrants requiring further conversion into equity shares.

(b) Investment in subsidiaries

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, 2021, the Company had infused an amount of ₹ 4,325 as additional equity into JCPL. Further, the Company has infused an amount of ₹ 2,575 as additional equity into JCPL during the year ended March 31, 2022.

During the year ended March 31, 2020, the Company had 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 subscribed for 3,76,630 shares issued by the SCMPL on preferential basis for an amount of ₹ 1,950 during the year ended March 31, 2022.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

47. On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification, amended Schedule III of the Companies Act, 2013, applicable for financial periods commencing from April 01, 2021. Pursuant to such amendments, current maturities of long-term borrowings of ₹ 6,628 as at March 31, 2021 in the financial statements have been reclassified from 'Other current financial liabilities' to 'Short term borrowings'.

48. Relationship with struck off companies:

Name of Struck off Company	Relationship with the Struck off Company	Nature of transactions	Transactions during the year ended March 31, 2022	Transactions during the year ended March 31, 2021	Balance outstanding as at March 31, 2022	Balance outstanding as at March 31, 2021 *
Noble Infra Projects India Private Limited	Customer	Advance received from customer	-	-	-	0.39
James and James Building Materials Private Limited	Customer	Advance received from customer	-	-	-	2.93
Pioneer Distilleries Limited	Customer	Advance received from customer	-	-	-	0.48

* Residual balances outstanding relates to transactions undertaken prior to strike off. These balances were written back during the year.

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

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

51. Other statutory information

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iii) The Subsidiary Companies has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

All amounts are in ₹ Lakhs unless otherwise stated

(iv) The Parent Company and Subsidiary Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(v) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(vi) The Group has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

52. These consolidated financial statements were approved by the Company's Board of Directors on May 11, 2022.

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Joint Managing Director
DIN: 00123889

R. Soundararajan
Company Secretary
M. No. F4182

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 11, 2022