



## 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, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "Consolidated financial statements").

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 ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, and their consolidated loss, their consolidated total comprehensive loss, 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 ("SAs") specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI")

together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

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

#### Sr. No. Key Audit Matter

##### 1 Revenue from Operations – Sales made to trade customers/dealers: (Refer Note 19 to the consolidated financial statements)

Revenue from sale made to trade customers/dealers is recorded at the time of dispatch based on sales order raised which are backed by orders taken by the field sales officers. In addition, confirmation from such trade customers/dealers are obtained on dispatch of goods.

#### Auditor's Response

Principle Audit Procedures Performed:

- Evaluated the appropriateness of the Group's accounting policy for revenue recognition as per the Indian Accounting Standard (Ind AS).
- Obtained an understanding of the management's process and evaluated the design, implementation and operating effectiveness of the Group's key internal financial control over the revenue recognition process. We carried out combination of procedures involving inquiry and inspection of evidence in respect of operating effectiveness of these controls.
- We understood the process and controls around sale order creation in the IT system of the Group and tested the general IT controls and manual controls over the Group's system which record the sales order in the system.



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Sr. No. Key Audit Matter	Auditor's Response
<p>We have identified recognition of revenue as a Key Audit Matter as the volume of such sales orders which are in the form of oral/email requests received from the sales officers, basis which the sales orders are entered in the system, there is significant audit effort to ensure that revenue is recorded based on such sale orders and confirmed by customer's acknowledgement on dispatch.</p>	<ul style="list-style-type: none"> <li>Performed substantive testing by selecting samples from individual sale transactions recorded during the year and verified the underlying documents pertaining to conditions related to acceptance of goods, transfer of control and receipt against the same.</li> <li>Performed reconciliation of sales recorded with statutory records of the Group.</li> <li>Compared the sales made to trade customers/dealers with historical sales to identify any significant fluctuations at customer level and inquired with the management on appropriateness of revenue recorded.</li> </ul>

### 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 information included in the Management Discussion & Analysis, Board's Report, Business Responsibility and Sustainability 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 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. Other information so far as it relates to the subsidiaries are traced from their audited financial statements.

- 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.

### Responsibilities of Management and Those Charged with Governance 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 accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Act. 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 Management and 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.



## INDEPENDENT AUDITOR'S REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to

consolidated financial statements 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 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 or business activities 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 financial 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.



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### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law maintained by the Group, including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except for matters stated in (h)(vi) below.
  - 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, 2024 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, 2024 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 and based on the auditor's report of subsidiary companies incorporated in India, 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 – Refer Note 29 to the consolidated financial statements.
    - 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 that, to the best of their knowledge and belief, as disclosed in the note 52(iv) 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



## INDEPENDENT AUDITOR'S REPORT

financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 52(v) to consolidated financial statements, no funds 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 performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, 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 41 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.

vi. Based on our examination which included test checks, the Parent and all the subsidiary companies incorporated in India has used an accounting software for maintaining its books of account for the year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail was not enabled at database level and for certain master tables at the application level for accounting software to log any direct data changes.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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, according to the information and explanation given to us, and based on the CARO reports issued by us for the Parent and subsidiaries included in the consolidated financial statements to which reporting under CARO is applicable, we report that no qualifications or adverse remarks by the companies included in the consolidated financial statements except for the following:

Name of the Company	CIN	Nature of relationship	Clause Number of CARO report with qualification or adverse remark
Sagar Cements Limited	L26942TG1981PLC002887	Parent Company	Clause 3(vii)(b)
Andhra Cements Limited	L26942AP1936PLC002379	Subsidiary Company	Clause 3(xvii)

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

**C Manish Muralidhar**

(Partner)

Place: Hyderabad  
Date: May 14, 2024

(Membership No. 213649)  
(UDIN: 24213649BKCJFG7743)



## 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 with reference to consolidated financial statements 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 Parent as at and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of **SAGAR CEMENTS LIMITED** (hereinafter referred to as “Parent”) and its subsidiary companies, which are companies incorporated in India, as of that date.

### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements 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 with reference to consolidated financial statements of the Parent and its subsidiary companies 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 with reference to consolidated financial statements. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statement of the Parent’s and its subsidiary companies, which are companies incorporated in India.



## Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 control with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements and such internal

financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to consolidated financial statements 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)

**C Manish Muralidhar**

(Partner)

(Membership No. 213649)

(UDIN: 24213649BKCFJG7743)

Place: Hyderabad

Date: May 14, 2024



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023 *
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	2	3,11,258	3,02,567
(b) Capital work-in-progress	45	1,470	9,918
(c) Goodwill		4,162	4,162
(d) Intangible assets			
(i) Mining rights	3	8,503	8,874
(ii) Other Intangible assets	3	63	32
(e) Right of use assets	4	1,042	1,180
(f) Financial assets			
(i) Loans	5	94	53
(ii) Other financial assets	6	4,609	3,875
(g) Income tax assets (net)	28	1,551	435
(h) Deferred tax assets (net)	28	14,046	9,457
(i) Other non-current assets	7	2,611	3,610
<b>Total Non-current assets</b>		<b>3,49,409</b>	<b>3,44,163</b>
<b>Current assets</b>			
(a) Inventories	8	30,754	27,094
(b) Financial assets			
(i) Trade receivables	9	20,772	13,321
(ii) Cash and cash equivalents	10	16,718	17,491
(iii) Bank balances other than cash and cash equivalents	11	9,494	3,557
(iv) Loans	5	86	48
(v) Other financial assets	6	853	526
(c) Current tax assets (net)	28	56	80
(d) Other current assets	7	7,342	11,742
<b>Total Current assets</b>		<b>86,075</b>	<b>73,859</b>
<b>Asset held for sale</b>	2	137	-
<b>TOTAL ASSETS</b>		<b>4,35,621</b>	<b>4,18,022</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	2,614	2,614
(b) Other equity	13A	1,91,508	1,96,848
<b>Equity attributable to equity shareholders of the Parent</b>		<b>1,94,122</b>	<b>1,99,462</b>
Non-controlling interests	13B	7,847	7,017
<b>Total Equity</b>		<b>2,01,969</b>	<b>2,06,479</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14A	1,08,907	1,15,195

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023 *
(ia) Lease liabilities	35	164	174
(ii) Other financial liabilities	15	11,701	8,992
(b) Provisions	16	1,186	1,029
(c) Deferred tax liabilities (net)	28	10,799	10,355
(d) Other non-current liabilities	18	635	249
<b>Total Non-current liabilities</b>		<b>1,33,392</b>	<b>1,35,994</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14B	34,997	32,017
(ia) Lease liabilities	35	56	180
(ii) Trade payables	17		
(a) total outstanding dues of micro enterprises and small enterprises		12,076	431
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		39,749	30,449
(iii) Other financial liabilities	15	2,093	4,190
(b) Provisions	16	547	442
(c) Income tax liabilities (net)	28	1,018	-
(d) Other current liabilities	18	9,724	7,840
<b>Total Current liabilities</b>		<b>1,00,260</b>	<b>75,549</b>
<b>Total Liabilities</b>		<b>2,33,652</b>	<b>2,11,543</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,35,621</b>	<b>4,18,022</b>

\*Refer Note 43

The accompanying notes are an integral part of these financial statements

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

For and on behalf of the Board of Directors of  
**Sagar Cements Limited**

**C Manish Muralidhar**  
Partner  
Membership No: 213649

**Dr. S. Anand Reddy**  
Managing Director  
DIN: 00123870

**S. Sreekanth Reddy**  
Joint Managing Director  
DIN: 00123889

**J. Raja Reddy**  
Company Secretary  
M. No. A31113

**K. Prasad**  
Chief Financial Officer

Place: Hyderabad  
Date: May 14, 2024

Place: Hyderabad  
Date: May 14, 2024





## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023 *
I Revenue from operations	19	2,50,461	2,22,954
II Other income	20	5,412	22,270
<b>III Total Income (I + II)</b>		<b>2,55,873</b>	<b>2,45,224</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	21	46,071	38,106
(b) Purchase of stock-in-trade	22	1,781	2,437
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(6,694)	1,674
(d) Employee benefits expense	24	11,730	9,934
(e) Finance costs	25	18,483	20,164
(f) Depreciation and amortisation expense	26	21,411	15,577
(g) Power and fuel expense		95,217	89,353
(h) Freight and forwarding expense		47,206	38,887
(i) Other expenses	27	30,559	27,245
<b>Total Expenses</b>		<b>2,65,764</b>	<b>2,43,377</b>
<b>V (Loss)/ profit before exceptional items and tax (I - IV)</b>		(9,891)	1,847
Exceptional Items	51	(1,479)	-
<b>VI (Loss)/ profit before tax (IV - V)</b>		(8,412)	1,847
<b>VII Tax expense</b>			
(a) Current tax	28	890	2,330
(b) Deferred tax	28	(4,097)	(1,444)
<b>Total Tax expense</b>		<b>(3,207)</b>	<b>886</b>
<b>VIII (Loss)/ profit after tax (VI - VII)</b>		(5,205)	961
<b>IX Other comprehensive (loss)/ income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement gain on defined benefits plan	32	(134)	22
(ii) Income tax relating to items that will not be reclassified to profit or loss	28	48	(7)
<b>Other comprehensive (loss)/ income for the year, net of tax</b>		(86)	15

Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023 *
<b>X Total comprehensive (loss)/ income for the year (VIII + IX)</b>		<b>(5,291)</b>	<b>976</b>
(Loss)/ profit for the year attributable to;			
Equity shareholders of the Parent		(4,336)	3,015
Non controlling interest		(869)	(2,054)
<b>Total comprehensive (loss)/ income for the year attributable to ;</b>		<b>(5,205)</b>	<b>961</b>
Equity shareholders of the Parent		(4,425)	3,030
Non controlling interest		(866)	(2,054)
<b>XI Earnings per equity share (Face value of ₹ 2 each fully paid (March 31, 2023: ₹ 2 each fully paid))</b>			
Basic and Diluted	36	(3.98)	0.74
*Refer Note 43			
The accompanying notes are an integral part of these financial statements	1		

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm Registration No: 008072S

For and on behalf of the Board of Directors of

**Sagar Cements Limited**

**C Manish Muralidhar**

Partner

Membership No: 213649

**Dr. S. Anand Reddy**

Managing Director

DIN: 00123870

**S. Sreekanth Reddy**

Joint Managing Director

DIN: 00123889

**J. Raja Reddy**

Company Secretary

M. No. A31113

**K. Prasad**

Chief Financial Officer

Place: Hyderabad

Date: May 14, 2024

Place: Hyderabad

Date: May 14, 2024



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

All amounts are in ₹ Lakhs unless otherwise stated

### A. Equity share capital

Particulars	Amount
<b>Balance as at March 31, 2022</b>	2,350
Changes in equity share capital during the year (Refer note 44)	264
<b>Balance as at March 31, 2023</b>	<b>2,614</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2024</b>	<b>2,614</b>

### B. Other equity

Particulars	Attributable to equity shareholders of the Parent					Total other equity attributable to equity shareholders of the Parent	Non-controlling interests	Total other equity
	Reserves and surplus				Other items of other comprehensive income			
	Capital reserve	Securities premium	General reserve	Retained earnings				
<b>Balance as at March 31, 2022</b>	<b>35</b>	<b>54,327</b>	<b>3,598</b>	<b>65,316</b>	<b>(83)</b>	<b>1,23,193</b>	<b>5,401</b>	<b>1,28,594</b>
Profit for the year	-	-	-	3,015	-	3,015	(2,054)	961
Dividend on equity shares (Refer note 41)	-	-	-	(915)	-	(915)	-	(915)
Other comprehensive income for the year (net of tax ₹ 7)	-	-	-	-	15	15	-	15
Effect of business combination (Refer note 42)	37,516	-	-	-	-	37,516	3,670	41,186
Premium on allotment of equity shares (Refer note 44)	-	34,736	-	-	-	34,736	-	34,736
Expenses on issue of shares	-	(712)	-	-	-	(712)	-	(712)
<b>Balance as at March 31, 2023</b>	<b>37,551</b>	<b>88,351</b>	<b>3,598</b>	<b>67,416</b>	<b>(68)</b>	<b>1,96,848</b>	<b>7,017</b>	<b>2,03,865</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Attributable to equity shareholders of the Parent					Total other equity attributable to equity shareholders of the Parent	Non-controlling interests	Total other equity
	Reserves and surplus				Other items of other comprehensive income			
	Capital reserve	Securities premium	General reserve	Retained earnings				
Loss for the year	-	-	-	(4,336)	-	(4,336)	(869)	(5,205)
Dividend on equity shares (Refer note 41)	-	-	-	(915)	-	(915)	-	(915)
Other comprehensive loss for the year (net of tax ₹ 48)	-	-	-	-	(89)	(89)	3	(86)
Minority interest on account of offer for sale	-	-	-	-	-	-	1,696	1,696
<b>Balance as at March 31, 2024</b>	<b>37,551</b>	<b>88,351</b>	<b>3,598</b>	<b>62,165</b>	<b>(157)</b>	<b>1,91,508</b>	<b>7,847</b>	<b>1,99,355</b>

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Firm Registration No: 008072S

**C Manish Muralidhar**

Partner

Membership No: 213649

Place: Hyderabad

Date: May 14, 2024

For and on behalf of the Board of Directors of

**Sagar Cements Limited**

**Dr. S. Anand Reddy**

Managing Director

DIN: 00123870

**J. Raja Reddy**

Company Secretary

M. No. A31113

Place: Hyderabad

Date: May 14, 2024

**S. Sreekanth Reddy**

Joint Managing Director

DIN: 00123889

**K. Prasad**

Chief Financial Officer



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023*	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023*
<b>A Cash flow from operating activities</b>			<b>Operating profit before working capital changes</b>	<b>25,639</b>	<b>17,021</b>
(Loss)/ profit before tax for the year	(8,412)	1,847	<b>Changes in working capital</b>		
Adjustments for:			Adjustments for (increase)/decrease in operating assets:		
Depreciation and amortisation expense	21,411	15,577	Trade receivables	(7,451)	(1,583)
Finance costs	18,483	20,164	Inventories	(3,660)	(6,237)
Interest income	(1,361)	(20,272)	Other financial assets	(2,009)	(386)
Liabilities no longer required written back	(10)	(13)	Other assets	3,311	2,609
Exceptional income (Refer note 51)	(1,479)	-		(9,809)	(5,597)
Expected credit loss allowance on trade receivables	-	293	Adjustments for increase/(decrease) in operating liabilities:		
Provision for incentives receivable from government	900	900	Trade payables	21,033	8,361
Allowance for credit losses on capital advances	-	400	Other financial liabilities	2,129	1,582
Allowance for credit losses on supplier advances	50	-	Provisions	128	292
Unrealised gain on foreign currency transactions and translation	(78)	-	Other liabilities	1,884	(2,664)
Net loss on fair value change in financial instruments	10	-		25,174	7,571
Profit on sale of property, plant and equipment	(686)	(35)	<b>Cash generated from operating activities</b>	<b>41,004</b>	<b>18,995</b>
Gain on sale of investments	(3,189)	(1,929)	Less: Income tax paid	(964)	(1,479)
Loss on fair valuation of investments (net)	-	89	<b>Net cash generated from operating activities</b>	<b>40,040</b>	<b>17,516</b>
	<u>34,051</u>	<u>15,174</u>	<b>B Cash flow from investing activities</b>		
			Capital expenditure on property, plant and equipment including capital advances	(22,579)	(11,774)



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023*	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023*
Deposits not considered as cash and cash equivalents			Interest paid	(17,556)	(17,787)
- Placed	(5,420)	(2,008)	Dividend paid	(915)	(915)
- Matured	536	1,018	<b>Net cash used in financing activities</b>	<b>(22,062)</b>	<b>(36,656)</b>
Proceeds from disposal of property, plant and equipment	2,571	133	<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(773)</b>	<b>(2,144)</b>
Proceeds from sale of investments (Refer note 50)	4,885	45,149	Cash and cash equivalents at the beginning of the year	17,491	14,306
Acquisition of subsidiary (Refer note 42)	-	(32,223)	Cash acquired on acquisition of a subsidiary	-	5,329
Interest received	1,256	16,701	<b>Cash and Cash equivalents at the end of the year (Refer note 10)</b>	<b>16,718</b>	<b>17,491</b>
<b>Net cash (used in)/ generated from investing activities</b>	<b>(18,751)</b>	<b>16,996</b>	Note:		
<b>C Cash flow from financing activities</b>			Cash and cash equivalents comprises of:		
Proceeds from allotment of equity shares (Refer note 44)	-	35,000	Cash in hand	4	4
Expenses on issue of shares	-	(712)	Balances with banks	223	486
Proceeds from non-current borrowings	9,586	7,081	Deposits with banks	16,491	17,001
Loans given to employees	(79)	(101)	<b>Cash and cash equivalents (Refer note 10)</b>	<b>16,718</b>	<b>17,491</b>
Repayment of non-current borrowings	(12,497)	(60,613)			
Repayment of lease liability	(204)	(182)			
Proceeds from current borrowings (net)	(397)	1,573			

\*Refer Note 43



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

All amounts are in ₹ Lakhs unless otherwise stated

### Changes in liabilities arising from financing activities:

Particulars	As at April 01, 2023	Cash flow changes			Non-cash flow changes	As at March 31, 2024
		Proceeds	Repayment	Effect of business combination	Fair value changes	
Non-current borrowings (including current maturities of non-current borrowings)	1,27,665	9,586	(12,497)	-	-	1,24,754
Loan from related party and others	284	-	-	-	-	284
Current borrowings	19,547	-	(397)	-	-	19,150
<b>Total liabilities from financing activities</b>	<b>1,47,496</b>	<b>9,586</b>	<b>(12,894)</b>	<b>-</b>	<b>-</b>	<b>1,44,188</b>

Particulars	As at April 01, 2022	Cash flow changes			Non-cash flow changes	As at March 31, 2023*
		Proceeds	Repayment	Effect of business combination	Fair value changes	
Non-current borrowings (including current maturities of non-current borrowings)	1,32,361	7,081	(60,613)	48,836	-	1,27,665
Loan from related party and others	284	-	-	-	-	284
Current borrowings	17,974	1,573	-	-	-	19,547
<b>Total liabilities from financing activities</b>	<b>1,50,619</b>	<b>8,654</b>	<b>(60,613)</b>	<b>48,836</b>	<b>-</b>	<b>1,47,496</b>

### Reconciliations of lease liability:

Particulars	As at April 01, 2023	Additions	Finance cost accrued during the year	Effect of business combination	Payment of lease liabilities	As at March 31, 2024
Lease liabilities	354	50	20	-	(204)	220

Particulars	As at April 01, 2022	Additions	Finance cost accrued during the year	Effect of business combination	Payment of lease liabilities	As at March 31, 2023*
Lease liabilities	489	17	30	-	(182)	354

\*Refer Note 43

The accompanying notes are an integral part of these financial statements

In terms of our report attached

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

For and on behalf of the Board of Directors of  
**Sagar Cements Limited**

**C Manish Muralidhar**  
Partner  
Membership No: 213649

**Dr. S. Anand Reddy**  
Managing Director  
DIN: 00123870

**S. Sreekanth Reddy**  
Joint Managing Director  
DIN: 00123889

**J. Raja Reddy**  
Company Secretary  
M. No. A31113

**K. Prasad**  
Chief Financial Officer

Place: Hyderabad  
Date: May 14, 2024

Place: Hyderabad  
Date: May 14, 2024



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Corporate information and material 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 Sagar Cements (M) Private Limited (Formerly known as Satguru Cement Private Limited) and Andhra Cements 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) Material 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 leasing transactions that are within the scope of Ind AS 116, net realisable value in Ind AS 2 or value in use in Ind AS 36 that have some similarities to fair value but are not fair value.

All amounts are in ₹ Lakhs unless otherwise stated

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (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 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

All amounts are in ₹ Lakhs unless otherwise stated

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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

All amounts are in ₹ Lakhs unless otherwise stated

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, 2024 and March 31, 2023.

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 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.

All amounts are in ₹ Lakhs unless otherwise stated

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

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

Name of the entity	Investee relationship		Principal place of business	Ownership held by	% of Holding and voting power held directly	
	March 31, 2024	March 31, 2023			As at March 31, 2024	As at March 31, 2023
	Sagar Cements (M) Private Limited (Formerly known as Satguru Cement Private Limited)	Subsidiary			Subsidiary	India
Andhra Cements Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	90%	95%

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 recognise 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 at cost, being 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.

All amounts are in ₹ Lakhs unless otherwise stated

If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess, after remeasurement, is recognised in capital reserve through other comprehensive income or directly depending on whether there exists clear evidence of the underlying reason for classifying the business combination as a bargain purchase.

### Mining rights

The Group 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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment atleast annually. 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 expected to benefit from the synergies of 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 of the unit, the impairment loss is

All amounts are in ₹ Lakhs unless otherwise stated

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. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

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

### (ix) Revenue recognition

The Group derives revenue from the sale of cement and recognises when it transfers control over the goods to the customer. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Investment 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.

All amounts are in ₹ Lakhs unless otherwise stated

### (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 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 statement of profit and loss when the plan amendment or curtailment occurs. Gains



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

or losses on settlement of a defined benefit plan are recognised when the settlement occurs. 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 it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 date.

All amounts are in ₹ Lakhs unless otherwise stated

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on 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. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of the goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 date.

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.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax asset against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### 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 work-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.

All amounts are in ₹ Lakhs unless otherwise stated

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

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

All amounts are in ₹ Lakhs unless otherwise stated

carried at cost less accumulated amortisation and accumulated impairment losses, if any. 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 to be incurred in marketing, selling and distribution. 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (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.

All amounts are in ₹ Lakhs unless otherwise stated

#### (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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**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 is recognised in

All amounts are in ₹ Lakhs unless otherwise stated

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

All amounts are in ₹ Lakhs unless otherwise stated

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (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 judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or

All amounts are in ₹ Lakhs unless otherwise stated

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

All amounts are in ₹ Lakhs unless otherwise stated

### (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. There is no such notification which would have been applicable from April 01, 2024.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 2. Property, plant and equipment

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Land - freehold	44,517	44,505
Land - restoration	453	155
Buildings	54,054	47,308
Plant and machinery	1,88,352	1,87,795
Furniture and fittings	248	212
Office and other equipment	3,892	3,035
Electrical installations	13,905	14,261
Computers	146	104
Vehicles	1,118	370
Railway siding	4,573	4,822
<b>Total</b>	<b>3,11,258</b>	<b>3,02,567</b>

#### For the year 2023-24

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
<b>I. Gross Block</b>											
<b>Opening balance</b>	<b>44,505</b>	<b>247</b>	<b>70,662</b>	<b>2,82,500</b>	<b>1,091</b>	<b>8,044</b>	<b>29,977</b>	<b>639</b>	<b>1,580</b>	<b>6,867</b>	<b>4,46,112</b>
Add: Additions	120	350	12,221	12,256	93	1,745	2,177	130	987	-	30,079
Less: Disposals	108	-	-	4,314	-	523	26	-	119	-	5,090
Less: On asset reclassified as held for sale (Refer note 3 below)	-	-	-	990	-	-	-	-	-	-	990
<b>Balance as at March 31, 2024</b>	<b>44,517</b>	<b>597</b>	<b>82,883</b>	<b>2,89,452</b>	<b>1,184</b>	<b>9,266</b>	<b>32,128</b>	<b>769</b>	<b>2,448</b>	<b>6,867</b>	<b>4,70,111</b>
<b>II. Accumulated depreciation</b>											
<b>Opening Balance</b>	<b>-</b>	<b>92</b>	<b>23,354</b>	<b>94,705</b>	<b>879</b>	<b>5,009</b>	<b>15,716</b>	<b>535</b>	<b>1,210</b>	<b>2,045</b>	<b>1,43,545</b>
Add: Depreciation expense	-	52	5,475	11,386	57	776	2,529	88	233	249	20,845
Less: Eliminated on disposal of assets	-	-	-	2,659	-	411	22	-	113	-	3,205
Less: On asset reclassified as held for sale (Refer note 3 below)	-	-	-	853	-	-	-	-	-	-	853
Less: Reversal of impairment	-	-	-	1,479	-	-	-	-	-	-	1,479
<b>Balance as at March 31, 2024</b>	<b>-</b>	<b>144</b>	<b>28,829</b>	<b>1,01,100</b>	<b>936</b>	<b>5,374</b>	<b>18,223</b>	<b>623</b>	<b>1,330</b>	<b>2,294</b>	<b>1,58,853</b>
Net block (I-II)											
<b>Carrying value as at March 31, 2024</b>	<b>44,517</b>	<b>453</b>	<b>54,054</b>	<b>1,88,352</b>	<b>248</b>	<b>3,892</b>	<b>13,905</b>	<b>146</b>	<b>1,118</b>	<b>4,573</b>	<b>3,11,258</b>
Carrying value as at March 31, 2023	44,505	155	47,308	1,87,795	212	3,035	14,261	104	370	4,822	3,02,567



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### For the year 2022-23

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
<b>I. Gross Block</b>											
<b>Opening balance</b>	<b>9,787</b>	<b>229</b>	<b>56,776</b>	<b>1,55,901</b>	<b>1,066</b>	<b>7,166</b>	<b>21,758</b>	<b>538</b>	<b>1,439</b>	<b>6,684</b>	<b>2,61,344</b>
Add: Additions	24	18	3,422	10,930	10	569	1,093	44	58	-	16,168
Add: Additions through business combination (Refer note 42)	34,702	-	10,464	1,15,676	15	383	7,212	57	124	183	1,68,816
Less: Disposals	8	-	-	7	-	74	86	-	41	-	216
<b>Balance as at March 31, 2023</b>	<b>44,505</b>	<b>247</b>	<b>70,662</b>	<b>2,82,500</b>	<b>1,091</b>	<b>8,044</b>	<b>29,977</b>	<b>639</b>	<b>1,580</b>	<b>6,867</b>	<b>4,46,112</b>
<b>II. Accumulated depreciation</b>											
<b>Opening Balance</b>	<b>-</b>	<b>79</b>	<b>13,516</b>	<b>37,539</b>	<b>798</b>	<b>3,831</b>	<b>8,834</b>	<b>417</b>	<b>979</b>	<b>1,613</b>	<b>67,606</b>
Add: Depreciation expense	-	13	4,634	6,868	66	881	2,225	69	149	249	15,154
Add: Additions through business combinations (Refer note 42)	-	-	5,204	50,301	15	361	4,671	49	119	183	60,903
Less: Eliminated on disposal of assets	-	-	-	3	-	64	14	-	37	-	118
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>92</b>	<b>23,354</b>	<b>94,705</b>	<b>879</b>	<b>5,009</b>	<b>15,716</b>	<b>535</b>	<b>1,210</b>	<b>2,045</b>	<b>1,43,545</b>
<b>Net block (I-II)</b>											
<b>Carrying value as at March 31, 2023</b>	<b>44,505</b>	<b>155</b>	<b>47,308</b>	<b>1,87,795</b>	<b>212</b>	<b>3,035</b>	<b>14,261</b>	<b>104</b>	<b>370</b>	<b>4,822</b>	<b>3,02,567</b>
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

### 1. Pledge on property, plant and equipment:

- (i) Property, plant and equipment (other than vehicles and land restoration) with a carrying amount of ₹ 3,09,687 (March 31, 2023: ₹ 3,02,042) 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 14A and 14B.
  - (ii) Vehicles with carrying amount of ₹ 1,118 (March 31, 2023: ₹ 370) are hypothecated to respective banks against vehicle loans. Refer note 14A and 14B.
2. The Group has not revalued its Property, plant and equipment during the year ended March 31, 2024 and March 31, 2023.
  3. Asset held for sale represents Cement Mill I and Cement Mill II along with its auxiliary equipments. These assets are classified as asset held for sale based on sale agreement executed by the Andhra Cements Limited, Subsidiary Company, pending clearance of the above-mentioned assets from site by the identified buyer. Asset held for sale is classified at lower of cost and fair value less cost to sell.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 3. Intangible assets

Particulars	As at March 31, 2024	As at March 31, 2023
Mining rights	8,503	8,874
Other intangible assets	63	32
<b>Total</b>	<b>8,566</b>	<b>8,906</b>

#### For the year 2023-24

Particulars	Mining rights	Other intangible assets	Total
<b>I Gross Block</b>			
<b>Opening Balance</b>	<b>10,226</b>	<b>329</b>	<b>10,555</b>
Add: Additions	-	38	38
Less: Disposals	-	-	-
<b>Balance as at March 31, 2024</b>	<b>10,226</b>	<b>367</b>	<b>10,593</b>
<b>II. Accumulated amortisation</b>			
<b>Opening Balance</b>	<b>1,352</b>	<b>297</b>	<b>1,649</b>
Add: Amortisation expense	371	7	378
Less: Eliminated on disposal of assets	-	-	-
<b>Balance as at March 31, 2024</b>	<b>1,723</b>	<b>304</b>	<b>2,027</b>
<b>Net block (I-II)</b>			
<b>Carrying value as at March 31, 2024</b>	<b>8,503</b>	<b>63</b>	<b>8,566</b>
Carrying value as at March 31, 2023	8,874	32	8,906

#### For the year 2022-23

Particulars	Mining rights	Other intangible assets	Total
<b>I Gross Block</b>			
<b>Opening Balance</b>	<b>6,647</b>	<b>324</b>	<b>6,971</b>
Add: Additions on account of business combination	3,579	-	3,579
Add: Additions	-	5	5
Less: Disposals	-	-	-
<b>Balance as at March 31, 2023</b>	<b>10,226</b>	<b>329</b>	<b>10,555</b>
<b>II. Accumulated amortisation</b>			
<b>Opening Balance</b>	<b>1,109</b>	<b>288</b>	<b>1,397</b>
Add: Amortisation expense	243	9	252
Less: Eliminated on disposal of assets	-	-	-
<b>Balance as at March 31, 2023</b>	<b>1,352</b>	<b>297</b>	<b>1,649</b>
<b>Net block (I-II)</b>			
<b>Carrying value as at March 31, 2023</b>	<b>8,874</b>	<b>32</b>	<b>8,906</b>
Carrying value as at March 31, 2022	5,538	36	5,574

**Note:** The Company has not revalued its intangible assets.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 4. Right of use assets

Particulars	As at March 31, 2024	As at March 31, 2023
Buildings	56	178
Land	986	1,002
<b>Total</b>	<b>1,042</b>	<b>1,180</b>

#### For the year 2023-24

Particulars	Buildings	Land	Total
<b>I. Gross block</b>			
<b>Opening Balance</b>	<b>471</b>	<b>1,067</b>	<b>1,538</b>
Add: Additions	50	-	50
Less: Deletion	397	-	397
<b>Balance as at March 31, 2024</b>	<b>124</b>	<b>1,067</b>	<b>1,191</b>
<b>II. Accumulated depreciation</b>			
<b>Opening Balance</b>	<b>293</b>	<b>65</b>	<b>358</b>
Add: Depreciation expense	172	16	188
Less: Eliminated on disposal of leases	397	-	397
<b>Balance as at March 31, 2024</b>	<b>68</b>	<b>81</b>	<b>149</b>
<b>Net block (I-II)</b>			
<b>Carrying value as at March 31, 2024</b>	<b>56</b>	<b>986</b>	<b>1,042</b>
Carrying value as at March 31, 2023	178	1,002	1,180

#### For the year 2022-23

Particulars	Buildings	Land	Total
<b>I. Gross block</b>			
<b>Opening Balance</b>	<b>763</b>	<b>1,067</b>	<b>1,830</b>
Add: Additions	17	-	17
Less: Deletion	309	-	309
<b>Balance as at March 31, 2023</b>	<b>471</b>	<b>1,067</b>	<b>1,538</b>
<b>II. Accumulated depreciation</b>			
<b>Opening Balance</b>	<b>447</b>	<b>49</b>	<b>496</b>
Add: Depreciation expense	155	16	171
Less: Eliminated on disposal of assets	309	-	309
<b>Balance as at March 31, 2023</b>	<b>293</b>	<b>65</b>	<b>358</b>
<b>Net block (I-II)</b>			
<b>Carrying value as at March 31, 2023</b>	<b>178</b>	<b>1,002</b>	<b>1,180</b>
Carrying value as at March 31, 2022	316	1,018	1,334

**Note:** Refer note 35 on operating lease.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 5 Loans (Unsecured, considered good)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Loans to employees	94	53
<b>Total</b>	<b>94</b>	<b>53</b>
<b>Current</b>		
Loans to employees	86	48
<b>Total</b>	<b>86</b>	<b>48</b>
<b>Total loans</b>	<b>180</b>	<b>101</b>

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

### 6 Other financial assets (Unsecured, considered good)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Security deposits	4,140	2,353
Balances held as margin money deposit against borrowings (Refer note below)	469	1,522
<b>Total</b>	<b>4,609</b>	<b>3,875</b>
<b>Current</b>		
Security deposits	486	322
Advances to employees	98	40
Interest accrued but not due	269	164
<b>Total</b>	<b>853</b>	<b>526</b>
<b>Total other financial assets</b>	<b>5,462</b>	<b>4,401</b>

**Note:** Held as securities or earmarked for issue of bank guarantees/ letter of credit/ margin money.

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

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Capital advances (Refer note (i) below)		
Unsecured considered good	969	2,107
Considered doubtful	400	400
Less: Provision for advances	(400)	(400)
	<b>969</b>	<b>2,107</b>
Advances to suppliers and service providers	71	71
Prepaid expenses	1,377	1,284
Balances with government authorities	373	327
Less: Provision for doubtful deposits	(179)	(179)
	<b>194</b>	<b>148</b>
<b>Total</b>	<b>2,611</b>	<b>3,610</b>
<b>Current</b>		
Advances to suppliers and service providers (Refer note (ii) below)		
Unsecured considered good	3,845	3,759
Considered doubtful	50	-
Less: Provision for advances	(50)	-
	<b>3,845</b>	<b>3,759</b>
Prepaid expenses	1,164	852
Balances with government authorities	802	4,641
Excise duty refund receivable	194	194
Incentives receivable from government		
Unsecured, considered good	1,337	2,296
Considered doubtful	2,659	1,759
Less: Provision for incentives receivable from government	(2,659)	(1,759)
	<b>7,342</b>	<b>11,742</b>
<b>Total</b>	<b>7,342</b>	<b>11,742</b>
<b>Total other assets</b>	<b>9,953</b>	<b>15,352</b>

**Note:**

- (i) Includes ₹ 163 (March 31, 2023: ₹ 1,221) capital advances given to related party (Refer note 34).
- (ii) Includes ₹ 20 (March 31, 2023: ₹ 5) advances given to related party (Refer note 34).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Raw materials	1,331	2,498
Coal	6,129	13,362
Work-in-progress	9,462	2,971
Stores and spares	6,862	6,121
Packing materials	705	843
Finished goods (Refer note 2 & 3 below)	2,147	1,876
Less: Provision for Obsolete Stores/Diminution in Value of Stocks	(225)	(782)
<b>Total (A)</b>	<b>26,411</b>	<b>26,889</b>
<b>Goods-in-transit:</b>		
Raw materials	12	10
Coal	4,289	137
Packing materials	42	58
<b>Total (B)</b>	<b>4,343</b>	<b>205</b>
<b>Total inventories (A+B)</b>	<b>30,754</b>	<b>27,094</b>

#### Note:

- Refer note 1(b)(xvi) for basis of valuation of inventory and refer note 14A & 14B for details of inventory pledged.
- Includes stock-in-trade of ₹ Nil (As at March 31, 2023: ₹ 3).
- The cost of inventories recognised as an expense includes ₹ 63 (As at March 31, 2023: ₹ 125) in respect of write-downs of inventory to net realisable value

### 9 Trade receivables

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Trade receivables considered good - Secured	4,430	1,641
Trade receivables considered good - Unsecured	16,342	11,680
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	1,397	1,397
<b>Sub-total</b>	<b>22,169</b>	<b>14,718</b>
Less: Expected credit loss allowance	(1,397)	(1,397)
<b>Total trade receivables</b>	<b>20,772</b>	<b>13,321</b>

#### Notes:

Includes ₹ 22 (March 31, 2023: ₹ Nil) receivable from related party (Refer note 34) and refer note 14A and 14B for the details of trade receivables pledged.

No trade or other receivables, other than those disclosed in note 34, are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

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:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### FY 2023-24:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
<b>(i) Undisputed Trade receivables</b>							
- considered good	15,301	5,044	108	163	71	85	20,772
- which have significant increase in credit risk	-	-	-	-	-	-	-
<b>(ii) Undisputed Trade Receivables</b>							
- credit impaired	50	174	84	228	28	702	1,266
- which have significant increase in credit risk	-	-	-	-	-	-	-
<b>(iii) Disputed Trade Receivables</b>							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	131	131
<b>Total</b>	<b>15,351</b>	<b>5,218</b>	<b>192</b>	<b>391</b>	<b>99</b>	<b>918</b>	<b>22,169</b>

### FY 2022-23:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
<b>(i) Undisputed Trade receivables</b>							
- considered good	7,489	4,848	701	233	6	44	13,321
- which have significant increase in credit risk	-	-	-	-	-	-	-
<b>(ii) Undisputed Trade Receivables</b>							
- credit impaired	50	174	84	228	43	687	1,266
- which have significant increase in credit risk	-	-	-	-	-	-	-
<b>(iii) Disputed Trade Receivables</b>							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	131	131
<b>Total</b>	<b>7,539</b>	<b>5,022</b>	<b>785</b>	<b>461</b>	<b>49</b>	<b>862</b>	<b>14,718</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### Movement in expected credit loss allowance

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	1,397	1,104
Add: Expected credit loss allowance	-	293
<b>Balance at the end of the year</b>	<b>1,397</b>	<b>1,397</b>

### 10 Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash in hand	4	4
Balances with banks	223	486
Deposits with banks	16,491	17,001
<b>Total Cash and cash equivalents</b>	<b>16,718</b>	<b>17,491</b>

### 11 Other bank balances

Particulars	As at March 31, 2024	As at March 31, 2023
Unpaid dividend account	38	48
Margin money deposits (Refer note below)	9,456	3,509
<b>Total other bank balances</b>	<b>9,494</b>	<b>3,557</b>

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

### 12 Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised:</b>				
Equity shares of ₹ 2 each (March 31, 2023: Equity Shares of ₹ 2 each) (Refer note (f) below)	1,24,75,00,000	24,950	69,75,00,000	13,950
<b>Preference share capital</b>				
<b>Authorised:</b>				
Preference shares of ₹ 10 each (March 31, 2023: Preference Shares of ₹ 10 each)	4,30,00,000	4,300	4,30,00,000	4,300
<b>Issued, subscribed and fully paid:</b>				
Equity shares of ₹ 2 each (March 31, 2023: Equity Shares of ₹ 2 each)	13,07,07,548	2,614	13,07,07,548	2,614

#### Notes:

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Opening balance	13,07,07,548	2,614	11,75,00,000	2,350
Allotment of equity shares (Refer note 44)	-	-	1,32,07,548	264
<b>Closing balance</b>	<b>13,07,07,548</b>	<b>2,614</b>	<b>13,07,07,548</b>	<b>2,614</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### (b) 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.

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
AVH Resources India Private Limited	2,56,68,790	19.64%	2,56,68,790	19.64%
PI Opportunities Fund I Scheme II	1,32,07,548	10.10%	1,32,07,548	10.10%
R V Consulting Services Private Limited	1,20,78,125	9.24%	80,11,490	6.13%
Aruna Sammidi	76,19,850	5.83%	68,47,725	5.24%
Rachana Sammidi	66,08,540	5.06%	58,36,415	4.47%
Anand Reddy Sammidi	73,04,745	5.59%	65,32,620	5.00%
Sreekanth Reddy Sammidi	69,69,140	5.33%	61,97,015	4.74%

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

Promoter Name	As at March 31, 2024			As at March 31, 2023		
	No. of shares of ₹ 2 each	% of total shares	% Change during the year	No. of shares of ₹ 2 each	% of total shares	% Change during the year
R V Consulting Services Private Limited	1,20,78,125	9.24%	3.11%	80,11,490	6.13%	-0.69%
Aruna Sammidi	76,19,850	5.83%	0.59%	68,47,725	5.24%	-0.59%
Anand Reddy Sammidi	73,04,745	5.59%	0.59%	65,32,620	5.00%	-0.56%
Sreekanth Reddy Sammidi	69,69,140	5.33%	0.59%	61,97,015	4.74%	-0.53%
Rachana Sammidi	66,08,540	5.06%	0.59%	58,36,415	4.47%	-0.50%
Vanajatha Sammidi	49,53,845	3.79%	-	49,53,845	3.79%	-0.43%
Sagar Priya Housing And Industrial Enterprises Limited	43,00,000	3.29%	-	43,00,000	3.29%	-0.37%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

Promoter Name	As at March 31, 2024			As at March 31, 2023		
	No. of shares of ₹ 2 each	% of total shares	% Change during the year	No. of shares of ₹ 2 each	% of total shares	% Change during the year
Siddarth Sammidi	41,09,490	3.14%	-	41,09,490	3.14%	-0.36%
Aneesh Reddy Sammidi	41,09,485	3.14%	-	41,09,485	3.14%	-0.36%
Malathi Reddy Wdaru	18,88,500	1.44%	-1.45%	37,77,000	2.89%	-0.32%
Madhavi Nadikattu	14,69,000	1.12%	-0.92%	26,69,000	2.04%	-0.23%
Andhra Pradesh Industrial Development Corporation	15,66,425	1.20%	-	15,66,425	1.20%	-0.13%
Panchavati Polyfibres Limited	1,57,500	0.12%	-	1,57,500	0.12%	-
P V Narsimha Reddy	10,000	0.01%	-	10,000	0.01%	-

- (e) 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.
- (f) Pursuant to merger of Jajpur Cements Private Limited with the Company, authorised equity share capital of ₹ 11,000 of Transferor Company stand transferred as authorised share capital of the Company (Refer Note 43).

### 13A Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
Capital reserve	37,551	37,551
Securities premium	88,351	88,351
General reserve	3,598	3,598
Retained earnings	62,165	67,416
Other items for other incomprehensive income	(157)	(68)
<b>Total other equity</b>	<b>1,91,508</b>	<b>1,96,848</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### Movement in other equity is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>(a) Capital Reserve</b>		
(i) Opening Balance	37,551	35
(ii) Effect of business combination (Refer note 42)	-	37,516
	<b>37,551</b>	<b>37,551</b>
<b>(b) Securities premium</b>		
(i) Opening Balance	88,351	54,327
(ii) Premium on allotment of equity shares (Refer note 44)	-	34,736
(iii) Share issue expenses incurred during the year	-	(712)
	<b>88,351</b>	<b>88,351</b>
<b>(c) General Reserve</b>	<b>3,598</b>	<b>3,598</b>
<b>(d) Retained earnings</b>		
(i) Opening balance	67,416	65,316
(ii) Profit for the year	(4,336)	3,015
	<b>63,080</b>	<b>68,331</b>
Less: Appropriations		
(i) Dividend on equity shares (Refer note 41)	915	915
	<b>62,165</b>	<b>67,416</b>
<b>(e) Other items of other comprehensive income</b>		
(i) Opening Balance	(68)	(83)
(ii) Other comprehensive income	(89)	15
	<b>(157)</b>	<b>(68)</b>
<b>Total</b>	<b>1,91,508</b>	<b>1,96,848</b>

### Nature of reserves

#### (a) Capital Reserve

This represents subsidies received from the government and on account of business combination as per statutory requirement. This reserve is utilised in accordance with the specific provisions of the Companies Act 2013.

#### (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 Companies Act, 2013.

#### (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.

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

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at beginning of the year	7,017	5,401
Effect of business combination (Refer note 42)	-	3,670
Total comprehensive loss for the year attributable to NCI	(866)	(2,054)
Equity shares under Minimum public shareholding	1,696	-
<b>Balance at end of the year</b>	<b>7,847</b>	<b>7,017</b>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 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, 2024	As at March 31, 2023
Sagar Cements (M) Private Limited (Formerly Known as Satguru Cement Private Limited)	India	35%	35%
Andhra Cements Limited	India	10%	5%

### 14A Non current borrowings\* (Secured, at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Term loans (Refer note (i) below)	1,07,753	1,11,734
Non-convertible debentures (Refer note (ii) below)	1,154	3,461
<b>Total non-current borrowings</b>	<b>1,08,907</b>	<b>1,15,195</b>

\*Current maturities of non-current borrowings are disclosed under the head "Current borrowings".

#### Note (i):

#### As at March 31, 2024

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer note 1 below)	1,804	26 monthly instalments	8.75%
Tata Capital Financial Services Limited (Refer note 1 below)	3,083	11 quarterly instalments	10.85%
Axis Bank Limited (Refer note 2 below)	8	1 quarterly instalments	9.80%
Axis Bank Limited (Refer note 3 below)	1,247	8 quarterly instalments	9.80%
State Bank of India (Refer note 4 below)	1,198	8 quarterly instalments	10.65%
Axis Bank Limited (Refer note 5 below)	780	22 monthly instalments	9.00%
HDFC Bank Limited (Refer note 6 below)	1,500	24 monthly instalments	9.00%
The Federal Bank Limited (Refer note 7 below)	1,125	6 quarterly instalments	9.80%
The Federal Bank Limited (Refer note 8 below)	541	24 monthly instalments	9.25%
Axis Bank Limited (Refer note 9 below)	17,700	28 quarterly instalments	10.65%

Bank	Loan outstanding	Terms of repayment	Rate of interest
Yes Bank Limited (Refer note 10 below)	13,866	30 quarterly instalments	10.65%
State Bank of India (Refer note 11 below)	18,102	30 quarterly instalments	10.50%
State Bank of India (Refer note 12 below)	59,452	39 quarterly instalments	9.75%
Vehicle loans from various banks/financial institutions (Refer note 13 below)	886	8 to 34 monthly instalments	7.16% to 9.40%
Less: Current maturities of non-current borrowings	(13,539)		
	<b>1,07,753</b>		

#### As at March 31, 2023

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer note 1 below)	2,642	38 monthly instalments	8.75%
Tata Capital Financial Services Limited (Refer note 1 below)	3,940	14 quarterly instalments	10.85%
Axis Bank Limited (Refer note 2 below)	579	4 quarterly instalments	9.30%
Axis Bank Limited (Refer note 3 below)	1,890	12 quarterly instalments	9.30%
State Bank of India (Refer note 4 below)	1,798	12 quarterly instalments	9.40%
Axis Bank Limited (Refer note 5 below)	1,205	34 monthly instalments	9.00%
HDFC Bank Limited (Refer note 6 below)	2,250	36 monthly instalments	8.75%
The Federal Bank Limited (Refer note 7 below)	1,875	10 quarterly instalments	9.30%
The Federal Bank Limited (Refer note 8 below)	782	36 monthly instalments	9.25%
Axis Bank Limited (Refer note 9 below)	18,700	32 quarterly instalments	10.15%
Yes Bank Limited (Refer note 10 below)	15,249	33 quarterly instalments	9.65%
State Bank of India (Refer note 11 below)	19,939	33 quarterly instalments	10.15%
State Bank of India (Refer note 12 below)	50,490	39 quarterly instalments	9.60%
Vehicle loans from various banks/financial institutions (Refer note 13 below)	557	1 to 36 monthly instalments	7.16% to 8.30%
Less: Current maturities of non-current borrowings	(10,162)		
	<b>1,11,734</b>		



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### Notes:

1. 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.
2. 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.
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 are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
4. Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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, hypothecation of all rights, title and interests of the Company under all plant documents, contracts, insurance policies, permits/ approvals etc related to the plant, to which the Company is party and can be legally assigned and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
10. 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. First pari-passu charge on all rights, title, interests, benefits, claims and demands whatsoever of the Company 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 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

11. 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 Company both present and future. First pari-passu charge on all rights, title, interests, benefits, claims and demands whatsoever of the Company 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.
12. This term loan is secured by first pari-passu charge on all the immovable fixed assets (present & future) and all the movable fixed assets (present and future) by way of Equitable mortgage, and first charge on all the rights, title, interest, benefits, claims and demands whatsoever of the Company in the Project documents, and lease holding rights on mining lands and first charge on all the insurance contracts/ insurance proceeds of fixed assets and pledged 2,18,90,883 equity shares of Andhra Cements Limited held by Sagar Cements Limited in favour of Axis Trustee Services Limited and corporate guarantee of Sagar Cements Limited.
13. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

### Note (ii):

Non-Convertible Debentures (NCD) have been issued to International Finance Corporation (IFC). A total of 1,500 NCD's have been issued (₹ 10 Lakhs each) aggregating ₹ 15,000. Interest payable on the NCD's is @11.60%. The NCD's were issued on March 23, 2016. Interest is payable at half yearly rest with effect from May 31, 2016. Repayment for the NCD's are to be made in 13 equal half yearly instalments of ₹ 1,154 starting from May 2019 onwards. The Company has paid two instalments during the current year, ten 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

Company both present and future, and by second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's.

### Note (iii):

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

## 14B Current borrowings (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Loans repayable on demand</b>		
Cash credit facilities (Refer notes below)	19,150	19,547
Current maturities of non-current borrowings (Refer note 14A)	15,847	12,470
<b>Total secured borrowings</b>	<b>34,997</b>	<b>32,017</b>

### 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 @ 8.75% p.a. to 9.40% p.a. (2022-23: 7.90% to 9.25% 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 @ 8.90% p.a. to 9.50% p.a. (2022-23: 7.60% p.a. to 9.00% p.a.).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

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 @ 8.20% p.a. to 9.75% p.a. (2022-23: 7.20% p.a. to 8.75% p.a.).
4. 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 @ 8.50% p.a. to 9.10% p.a. (2022-23: 7.90% p.a. to 9.10% p.a.).
5. 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 @ 8.35% p.a. to 9.40% p.a. (2022-23: 7.60% p.a. to 8.35% p.a.).
6. 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 @ 9.75% p.a. to 11.15% p.a. (2022-23: 8.15% p.a. to 9.80% p.a.).
7. 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 @ 9.25% p.a. to 9.40% p.a. (2022-23: 7.80% p.a. to 9.25% p.a.).
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 negative lien on immovable property, plant and equipment of the Company, present and future, and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 9.25% p.a. to 9.35% p.a. (2022-23: 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 15 Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Security deposits received	11,417	8,708
Loan from others	284	193
Loans from related party	-	91
<b>Total</b>	<b>11,701</b>	<b>8,992</b>
<b>Current</b>		
Interest accrued but not due on borrowings	1,555	683
Unclaimed dividends (Refer note (i) below)	38	48
Payables on purchase of property, plant and equipment (Refer note (ii) below)	490	2,889
Other Payables	-	570
Derivative liability	10	-
<b>Total</b>	<b>2,093</b>	<b>4,190</b>
<b>Total other financial liabilities</b>	<b>13,794</b>	<b>13,182</b>

#### Note:

- (i) As at March 31, 2024 (March 31, 2023: ₹ 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.
- (ii) Includes ₹ Nil (March 31, 2023: ₹ 1,559) payable to related party (Refer note 34).

### 16 Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Gratuity (Refer note 32)	1,066	888
Compensated absences (Refer note 32)	667	583
<b>Total provisions</b>	<b>1,733</b>	<b>1,471</b>
<b>Non-current</b>		
Gratuity	738	618
Compensated absences	448	411
<b>Total</b>	<b>1,186</b>	<b>1,029</b>
<b>Current</b>		
Gratuity	328	270
Compensated absences	219	172
<b>Total</b>	<b>547</b>	<b>442</b>

### 17 Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 30)	12,076	431
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note below)	39,749	30,449
<b>Total</b>	<b>51,825</b>	<b>30,880</b>

**Note:** Includes ₹ 735 (March 31, 2023: ₹ 747) payable to related party (Refer note 34).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### Trade payables ageing schedule for the year ended March 31, 2024 and March 31, 2023:

#### FY 2023-24:

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	7,195	4,881	-	-	-	12,076
(ii) Others	31,590	7,470	90	90	509	39,749
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>38,785</b>	<b>12,351</b>	<b>90</b>	<b>90</b>	<b>509</b>	<b>51,825</b>

#### FY 2022-23:

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	284	147	-	-	-	431
(ii) Others	13,536	16,347	169	60	337	30,449
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>13,820</b>	<b>16,494</b>	<b>169</b>	<b>60</b>	<b>337</b>	<b>30,880</b>

### 18 Other Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Liability for land restoration	635	249
<b>Total</b>	<b>635</b>	<b>249</b>
<b>Current</b>		
Advance from customers	4,582	5,315
Statutory remittances	5,142	2,525
<b>Total</b>	<b>9,724</b>	<b>7,840</b>
<b>Total other liabilities</b>	<b>10,359</b>	<b>8,089</b>

### 19 Revenue from operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from		
- Sale of cement and clinker (Refer note 40)	2,49,558	2,21,255
- Sale of power (Refer note 40)	267	1,037
Other operating income		
- Sale of scrap	494	331
- Insurance claims	51	211
- Others	91	120
<b>Total revenue from operations</b>	<b>2,50,461</b>	<b>2,22,954</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 20 Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income on financial assets at amortised cost	1,361	20,272
Rent received from employees	20	21
Profit on sale of property, plant & equipment	751	35
Gain on sale of Investments	3,189	1,929
Liabilities no longer required written back	10	13
Net gain on foreign currency transactions and translation	81	-
<b>Total other income</b>	<b>5,412</b>	<b>22,270</b>

### 21 Cost of materials consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock	2,428	1,999
Add: Purchases	44,974	38,553
Add: Purchases through business combination (Refer note 42)	-	52
Less: Closing stock	1,331	2,498
<b>Total cost of materials consumed</b>	<b>46,071</b>	<b>38,106</b>
<b>Details of materials consumed</b>		
Limestone	12,339	10,117
Laterite	5,378	4,403
Iron-ore sludge	400	588
Gypsum	3,360	2,793
Flyash	6,305	4,772
Clinker Purchased	7,522	4,564
Slag	7,303	4,627
Others	8,280	8,210
Less: Captive consumption	(4,816)	(1,968)
<b>Total</b>	<b>46,071</b>	<b>38,106</b>

### 22 Purchase of Stock-in-trade

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cement	1,781	2,437
<b>Total Purchase of stock-in-trade</b>	<b>1,781</b>	<b>2,437</b>

### 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Inventories at the beginning of the year:</b>		
Finished goods	1,873	1,471
Work-in-progress	3,042	4,847
	<b>4,915</b>	<b>6,318</b>
<b>Inventories on acquisition of subsidiary: (Refer note 42)</b>		
Finished goods	-	-
Work-in-progress	-	271
	<b>-</b>	<b>271</b>
<b>Inventories at the end of the year:</b>		
Finished goods	2,147	1,873
Work-in-progress	9,462	3,042
	<b>11,609</b>	<b>4,915</b>
<b>Net (increase)/ decrease</b>	<b>(6,694)</b>	<b>1,674</b>

### 24 Employee benefits expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages, including bonus	9,779	8,164
Contribution to provident and other funds (Refer note 32)	978	788
Staff welfare expenses	973	982
<b>Total employee benefits expense</b>	<b>11,730</b>	<b>9,934</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 25 Finance cost

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense	14,852	14,710
Less: Borrowing costs on qualifying assets capitalised	(108)	(222)
Interest on deposits from dealers	356	271
Interest on lease liability (Refer note 35)	20	30
Other borrowing cost	3,363	5,375
<b>Total finance cost</b>	<b>18,483</b>	<b>20,164</b>

### 26 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (Refer note 2)	20,845	15,154
Depreciation on right of use assets (Refer note 4 and 35)	188	171
Amortisation of intangible assets (Refer note 3)	378	252
<b>Total depreciation and amortisation</b>	<b>21,411</b>	<b>15,577</b>

### 27 Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Packing materials consumed	7,950	8,011
Stores and spares consumed	5,038	4,413
Repairs and maintenance		
Plant & equipment	4,426	2,903
Buildings	60	15
Others	1,524	1,276
Selling expenses	4,341	3,523
Expected credit loss allowances	-	293
Provision for incentives receivable from government	900	900
Provision for impairment on capital advances	-	400
Provision for impairment on supplier advances	50	-
Rent	261	217
Insurance	533	387
Rates and taxes	583	292
Expenditure on corporate social responsibility	290	280
Payment to Auditors	148	103
Travelling and conveyance	873	711
Security services	722	524
Donations and contributions (Refer note 49)	819	469
Legal and other professional	1,109	1,574
Administrative expenses	460	445
Printing and stationery	137	48
Communication	123	91
Net Loss on foreign currency transactions and translation	8	233
Directors sitting fees	58	46
Miscellaneous expenses	71	91
<b>Total other expenses</b>	<b>30,559</b>	<b>27,245</b>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 28 Income tax expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>(a) Income tax recognised in the statement of profit &amp; loss</b>		
<b>Current tax:</b>		
In respect of the current year	890	2,330
	<b>890</b>	<b>2,330</b>
Deferred tax		
In respect of current year origination and reversal of temporary differences	(4,097)	(1,444)
	<b>(4,097)</b>	<b>(1,444)</b>
<b>Total tax expense</b>	<b>(3,207)</b>	<b>886</b>

#### Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(Loss)/ profit before tax (A)	(8,412)	1,847
Enacted tax rates in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	<b>(2,939)</b>	<b>645</b>
<b>Permanent difference</b>		
Effect on Income disallowed under Income Tax Act, 1961	(475)	(1,915)
Effect on expenses disallowed under Income Tax Act, 1961	540	1,534
Effect on change in depreciation and losses while filing Income tax return	(33)	11
Effect on change in Income tax rate	(557)	(172)
Effect of Tax paid at a lower rate	256	754
Others	1	29
<b>Total</b>	<b>(268)</b>	<b>241</b>
At the effective income tax rate	(3,207)	886
<b>Total Tax expense</b>	<b>(3,207)</b>	<b>886</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### Movement in deferred tax assets and liabilities for the year 2023-24:

Particulars	Opening balance	(Recognised) / reversed through the statement of profit and loss	Recognised through other comprehensive income	Effect on business combination	MAT Credit utilised	Closing balance
Property, plant and equipment and intangible assets	37,784	2,067	-	-	-	39,851
Provision for employee benefits	(438)	(45)	(48)	-	-	(531)
Expected credit loss allowance	(487)	-	-	-	-	(487)
MAT credit entitlement	(8,375)	(333)	-	-	-	(8,708)
Carry forward unabsorbed depreciation and business losses	(26,991)	(5,441)	-	-	-	(32,432)
Others	(595)	(345)	-	-	-	(940)
<b>Total Deferred tax liability (Net)</b>	<b>898</b>	<b>(4,097)</b>	<b>(48)</b>	<b>-</b>	<b>-</b>	<b>(3,247)</b>

### Movement in deferred tax assets and liabilities for the year 2022-23:

Particulars	Opening balance	(Recognised) / reversed through the statement of profit and loss	Recognised through other comprehensive income	Effect on business combination	MAT Credit utilised	Closing balance
Property, plant and equipment and intangible assets	21,890	455	-	15,439	-	37,784
Provision for employee benefits	(288)	(78)	7	(79)	-	(438)
Expected credit loss allowance	(385)	(102)	-	-	-	(487)
MAT credit entitlement	(9,002)	-	-	-	627	(8,375)
Carry forward unabsorbed depreciation and business losses	(3,620)	(2,471)	-	(20,900)	-	(26,991)
Others	(366)	752	-	(981)	-	(595)
<b>Total Deferred tax liability (Net)</b>	<b>8,229</b>	<b>(1,444)</b>	<b>7</b>	<b>(6,521)</b>	<b>627</b>	<b>898</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### Gross deferred tax assets and liabilities are as follows:

#### As at March 31, 2024

Particulars	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(18,231)	21,620	39,851
Provision for employee benefits	94	(437)	(531)
Expected credit loss allowance	3	(484)	(487)
MAT credit entitlement	-	(8,708)	(8,708)
Carry forward business losses and depreciation	32,343	(89)	(32,432)
Others	(163)	(1,103)	(940)
<b>Total</b>	<b>14,046</b>	<b>10,799</b>	<b>(3,247)</b>

#### As at March 31, 2023

Particulars	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(16,806)	20,978	37,784
Provision for employee benefits	92	(346)	(438)
Expected credit loss allowance	3	(484)	(487)
MAT credit entitlement	-	(8,375)	(8,375)
Carry forward business losses and depreciation	26,355	(636)	(26,991)
Others	(187)	(782)	(595)
<b>Total</b>	<b>9,457</b>	<b>10,355</b>	<b>898</b>

### Income tax assets and liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax assets (Net of provision of ₹ 6,554 (2022-23: ₹ 4,849))	1,607	515
Income tax liabilities (Net of advance tax and TDS receivable of ₹ 814 (2022-23: ₹ 1,191))	1,018	-
<b>Net Income tax liabilities</b>	<b>589</b>	<b>515</b>

## 29. Contingent liabilities, corporate guarantees, capital and other 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, 2024	As at March 31, 2023
Direct taxes related	3,051	3,076
Indirect taxes related	1,622	1,251
Others	428	428

(ii) The Ministry of Finance, Government of India had announced, in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the Group took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,601 (As at March 31, 2023: ₹ 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 the penalty imposed by the department and disclosed in contingent liabilities under indirect taxes as at March 31, 2023. During March 31, 2024, the penalty of ₹ 11 has been disposed by the central excise department. As at March 31, 2024, the Company intends to file an appeal before High Court of Telangana for refund of CENVAT credit.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

- (iii) The Hon'ble 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, 2024	As at March 31, 2023
Sagar Cements (M) Private Limited	Term loan from State Bank of India and Yes Bank Limited	Axis Trustee Services Limited	37,000	37,000
Andhra Cements Limited	Term loan and working capital facilities from State Bank of India	Axis Trustee Services Limited	66,500	60,000*
<b>Total</b>			<b>1,03,500</b>	<b>97,000</b>

\*The Parent Company has not yet executed the corporate guarantee in favour of State Bank of India as on March 31, 2023.

### c) Capital and other commitments:

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	42,061	8,563

### 30. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

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

Particulars	As at March 31, 2024	As at March 31, 2023
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	12,148	431
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	72	-
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.	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 31. Financial Instruments:

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

#### A) Capital Management:

The group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the group consists of net debt (borrowings as detailed in Notes 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:

Particulars	As at March 31, 2024	As at March 31, 2023
Debt (Refer Note below)	1,44,188	1,47,496
Cash and cash equivalents and Other bank balances	26,212	21,048
Net debt	1,17,976	1,26,448
Total equity	2,01,969	2,06,479
Net debt to equity ratio	0.58	0.61

**Note:** Debt comprises of current and non-current borrowings as disclosed 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, 2024 and March 31, 2023 is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
(i) Loans	180	101
(ii) Trade receivables	20,772	13,321
(iii) Cash and cash equivalents	16,718	17,491
(iv) Other bank balances	9,494	3,557
(v) Other financial assets	5,462	4,401
<b>Total Financial assets</b>	<b>52,626</b>	<b>38,871</b>

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
(i) Borrowings	1,43,904	1,47,212
(ii) Trade payables	51,825	30,880
(iii) Lease liabilities	220	354
(iv) Other financial liabilities	13,794	13,182
<b>Total Financial liabilities</b>	<b>2,09,743</b>	<b>1,91,628</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 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.

### 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: loss for the year ended March 31, 2024 would increase/ decrease by ₹ 721 (Profit for the year ended March 31, 2023: decrease/ increase by ₹ 737). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

#### Foreign currency exchange rate risks

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 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

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, 2024 and March 31, 2023. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

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

### Financing facilities:

Particulars	As at March 31, 2024	As at March 31, 2023
Secured bills acceptance facility, reviewed annually		
- amount used	28,525	23,586
- amount unused	4,275	8,214
<b>Total</b>	<b>32,800</b>	<b>31,800</b>

Particulars	As at March 31, 2024	As at March 31, 2023
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	19,150	19,547
- amount unused	10,050	11,153
<b>Total</b>	<b>29,200</b>	<b>30,700</b>
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	1,21,292	1,21,896
- amount unused	-	8,964
<b>Total</b>	<b>1,21,292</b>	<b>1,30,860</b>
Secured non-convertible debentures		
- amount used	3,462	5,769
- amount unused	-	-
<b>Total</b>	<b>3,462</b>	<b>5,769</b>

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2024 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	51,825	-	-
Lease liabilities	56	25	139
Other financial liabilities	2,093	850	10,851
Borrowings (including current maturities of non-current borrowings)	34,997	14,259	94,648

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2023 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	30,880	-	-
Lease liabilities	180	24	150
Other financial liabilities	4,190	780	8,212
Borrowings (including current maturities of non-current borrowings)	32,017	15,641	99,554



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 32. 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 ₹ 537 (2022-23: ₹ 413).

##### Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administered by Life Insurance Corporation of India. The 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 ₹ 51 (2022-23: ₹ 51).

##### Employee State Insurance

The group makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognised during the year aggregated ₹ 6 (2022-23: ₹ 5).

#### (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, 2024 and March 31, 2023:

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	7.22%	7.49% - 7.51%
Expected rate of return on plan asset	7.67%	7.01% - 7.36%
Expected average remaining working lives of employees	16.37 - 21.91 years	16.22 - 22.34 years
Rate of escalation in salary	8.00% - 10.76%	8% - 9%
Attrition rate	5.22% - 28.33%	9%





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Amount recognised in statement of profit and loss in respect of defined benefit plan is as follows:</b>		
Current service cost	201	165
Interest expense	120	99
Other adjustments	11	(7)
Expected return on plan assets	(69)	(68)
<b>Defined benefit cost included in profit and loss</b>	<b>263</b>	<b>189</b>
<b>Re-measurement effects recognised in Other Comprehensive Income (OCI):</b>		
Remeasurements – Due to financial, demographic and experience adjustments	135	(45)
Return on plan assets (excluding interest income)	(1)	23
<b>Components of defined benefit costs recognised in OCI</b>	<b>134</b>	<b>(22)</b>

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Present value of funded defined benefit obligations	2,105	1,872
Fair value of plan assets	(1,039)	(984)
Net liability arising from defined benefit obligation	1,066	(888)

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Defined benefit obligation at the beginning of the year	1,872	1,552
Current service cost	201	165
Interest cost	120	99
Re-measurements - Actuarial gain	135	(45)
Benefits paid out of plan assets and by employer	(222)	(82)
Effect of business combination	-	184
Other adjustments	(1)	(1)
<b>Defined benefit obligation at the year end</b>	<b>2,105</b>	<b>1,872</b>

- e) Maturity profile of defined benefit obligation:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Within 1 year	323	270
1 – 2 years	264	251
2 – 3 years	274	186
3 – 4 years	225	209
4 – 5 years	264	167
5 – 10 years	775	767



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Opening fair value of the plan assets	984	970
Expected return on plan assets	72	70
Contributions from the employer	144	45
Benefits paid out of plan assets	(156)	(82)
Other adjustments	(4)	(1)
Re-measurement – Return on Assets (excluding interest income)	(1)	(18)
<b>Fair value of plan asset at the year end</b>	<b>1,039</b>	<b>984</b>

### g) Sensitivity Analysis:

Sensitivity to significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation at the period end by one percentage, keeping all other actuarial assumptions constant.

Particulars	Defined Benefit Obligation			
	For the year ended		For the year ended	
	March 31, 2024		March 31, 2023	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	1,834	2,025	1,620	1,806
Effect of 1% change in assumed salary rate	2,018	1,835	1,805	1,616
Effect of 1% change in assumed attrition rate	1,911	1,938	1,670	1,715

The group is expected to contribute ₹ 886 Lakhs to its defined benefit plans during the next financial year.

### Compensated absences:

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

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

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Discount Rate	7.22%	7.49% - 7.51%
Salary escalation rate	8.00% - 10.76%	8% - 9%
Attrition rate	5.22% - 28.33%	9%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

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

## 33. Segment Reporting:

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

### 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, 2024 and March 31, 2023.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

### 34. Related Party Disclosures:

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

Name	Relationship
<b>Key managerial personnel (KMP):</b>	
K V Vishnu Raju	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
Madhavan Ganesan	Nominee Director
Ravichandran Rajagopal	Independent Director
Rachana Sammidi	Director
John Eric Fernand Pascal Cesar Bertrand	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS) (upto November 10, 2023)
J. Raja Reddy	Company Secretary (CS) (w.e.f. November 11, 2023)
<b>Relatives of KMP:</b>	
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 with the above parties are as follows:

Nature of transaction	Party name	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchase of packing materials	Panchavati Polyfibres Limited	7,085	8,064
Purchase of property, plant and equipment	RV Consulting Services Private Limited	4,630	3,778
Rent expenses paid	Dr. S. Anand Reddy	48	41
	S. Sreekanth Reddy	48	41
	S. Vanajatha	48	41
	<b>Total</b>	<b>143</b>	<b>123</b>
Interest expense on loan	Sagar Power Limited	-	-
Sale of scrap	RV Consulting Services Private Limited	19	-
Sale of property, plant and equipment	RV Consulting Services Private Limited	-	65
Legal and professional expenses	Sagarsoft (India) Limited	57	57
Reimbursement of expenses received	Sagarsoft (India) Limited	9	8
	RV Consulting Services Private Limited	13	12
	Panchavati Polyfibres Limited	10	10
	Sagar Power Limited	3	4
	<b>Total</b>	<b>35</b>	<b>34</b>
Payment of salary	S. Siddarth Reddy	14	7
	S. Sahithi	24	-
	<b>Total</b>	<b>38</b>	<b>7</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Nature of transaction	Party name	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend paid	S. Vanajatha	35	35
	RV Consulting Services Private Limited	85	56
	S. Siddarth	29	29
	Panchavati Polyfibres Limited	1	1
	AVH Resources India Private Limited	180	180
	Dr. S. Anand Reddy	46	46
	S. Sreekanth Reddy	43	43
	Rachana Sammidi	41	41
	<b>Total</b>		<b>460</b>

### Compensation to key managerial personnel:

Nature of transaction	Party Name	For the year ended March 31, 2024	For the year ended March 31, 2023 (Refer note 40)
Short-term benefits	MD, JMD, CS and CFO	830	1,303
Sitting fee	Chairman, MD, JMD and Directors	54	46

### Outstanding balances:

Nature of the balance	Party Name	As at March 31, 2024	As at March 31, 2023 (Refer note 40)
Other financial assets - Advances	Sagar Power Limited	1	-
	Sagarsoft (India) Limited	1	-
	RV Consulting Services Private Limited	18	5
	<b>Total</b>	<b>20</b>	<b>5</b>
Trade payables	Panchavati Polyfibres Limited	735	742
	Sagarsoft (India) Limited	-	5
<b>Total</b>		<b>735</b>	<b>747</b>
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	-	1,559
	Capital advances	163	1,221
Trade Receivable	RV Consulting Services Private Limited	22	-
Rent Payable	Dr. S. Anand Reddy	-	4
	S. Sreekanth Reddy	-	4
	S. Vanajatha	-	4
<b>Total</b>		<b>-</b>	<b>12</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 35. Operating Lease

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

#### Operating lease commitments

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

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

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

#### Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024 and March 31, 2023:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	1,180	1,334
Additions	50	17
Depreciation	(188)	(171)
<b>Closing Balance</b>	<b>1,042</b>	<b>1,180</b>

The aggregate depreciation expense on right-of-use assets is included under depreciation and amortisation expense in the statement of profit and loss.

#### The following is the movement in lease liabilities during the year ended March 31, 2024 and March 31, 2023:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	354	489
Additions	50	17
Finance cost accrued during the year	20	30
Payment of lease liabilities	(204)	(182)
<b>Closing Balance</b>	<b>220</b>	<b>354</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The following is the break-up of current and non-current lease liabilities as at March 31, 2024 and March 31, 2023:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Non-current lease liabilities	164	174
Current lease liabilities	56	180
<b>Total</b>	<b>220</b>	<b>354</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024 and March 31, 2023 on discounted basis

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Within one year	56	180
After one year but not more than five years	76	73
More than 5 years	88	101

Amount recognised in statement of profit and loss account as at March 31, 2024 and March 31, 2023:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Amortisation of right of use assets	188	171
Interest on lease liability	20	30
Expense relating to short term lease	261	217

### 36. Earnings per Share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023 (Refer note 43)
Profit after tax (₹ in Lakhs)	(5,205)	961
Weighted average number of equity shares outstanding (Refer Note 12(a))	13,07,07,548	12,94,04,886
Earnings per share:		
Basic and Diluted (in ₹)	(3.98)	0.74

### 37. 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, 2024	For the year ended March 31, 2023
Amount required to be spent by the group during the year	273	301
Amount of expenditure incurred	290	306
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	NA	NA
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

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

Name of the entity	Relationship	Principal place of business	Ownership held by	% of Holding and voting power held directly	
				As at March 31, 2024	As at March 31, 2023
Sagar Cements (M) Private Limited	Subsidiary	India	Sagar Cements Limited	65%	65%
Andhra Cements Limited	Subsidiary	India	Sagar Cements Limited	90%	95%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

As at and for the year ended March 31, 2024:

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)	84%	1,70,527	(60%)	3,117	108%	(93)	(57%)	3,024
Sagar Cements (M) Private Limited (Formerly Known as Satguru Cement Private Limited) (Subsidiary)	4%	8,636	28%	(1,468)	(9%)	8	28%	(1,460)
Andhra Cements Limited (Subsidiary)	15%	29,681	126%	(6,561)	1%	(1)	124%	(6,562)
Adjustments arising out of consolidation	1%	972	(11%)	573	(3%)	3	(11%)	570
Non-controlling interests	(4%)	(7,847)	17%	(866)	3%	(3)	16%	(863)
<b>Total</b>	<b>100%</b>	<b>2,01,969</b>	<b>100%</b>	<b>(5,205)</b>	<b>100%</b>	<b>(86)</b>	<b>100%</b>	<b>(5,291)</b>

As at and for the year ended March 31, 2023:

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)	81%	1,68,418	765%	7,353	93%	14	755%	7,367
Sagar Cements (M) Private Limited (Formerly Known as Satguru Cement Private Limited) (Subsidiary)	5%	10,096	(604%)	(5,810)	7%	1	(595%)	(5,809)
Andhra Cements Limited (Subsidiary)	17%	35,524	(43%)	(410)	-	-	(42%)	(410)
Adjustments arising out of consolidation	(0%)	(542)	196%	1,882	-	-	193%	1,882
Non-controlling interests	(3%)	(7,017)	(214%)	(2,054)	-	-	(211%)	(2,054)
<b>Total</b>	<b>100%</b>	<b>2,06,479</b>	<b>100%</b>	<b>961</b>	<b>100%</b>	<b>15</b>	<b>100%</b>	<b>976</b>

#### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue as per Contract price	2,85,473	2,53,408
Less: Discounts and incentives	(35,648)	(31,116)
Revenue as per statement of profit and loss	2,49,825	2,22,292

- 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.

#### Disaggregation of Revenue:

##### Revenue by timing of recognition:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Goods transferred at a point of time	2,49,825	2,22,292
Goods transferred over time	-	-

### 41. 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 Parent 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 recognised as distribution to equity shareholders in accordance with Companies Act, 2013 is as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Final dividend for FY 2021-22	-	0.70
Final dividend for FY 2022-23	0.70	-

During the year ended March 31, 2024, on account of the final dividend for the financial year 2022-23, the Parent Company has incurred a net cash outflow of ₹ 915.

The Board of Directors of the Parent Company at their meeting held on May 14, 2024, recommended a final 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 42. Business Combination

Pursuant to the Corporate Insolvency Resolution process under the Insolvency Bankruptcy Code 2016 the Resolution Plan submitted by the Parent Company in respect of the corporate insolvency resolution process of Andhra Cements Limited (“ACL”) has been approved by the Hon’ble National Company Law Tribunal, Amaravati Bench (“NCLT”) on February 16, 2023.

ACL is mainly engaged in the manufacturing of cement and has two manufacturing units located at Dachepalli, Andhra Pradesh and Visakhapatnam, Andhra Pradesh.

Post completion of the resolution process under the supervision of the monitoring committee (MC) which was constituted as per the mandate given in NCLT order, the Parent Company obtained control of Andhra Cements Limited with effect from March 18, 2023, post dissolution of MC.

In accordance with the Resolution Plan, the Parent Company has subscribed to 95% of the reconstituted paid-up share capital of ACL for an aggregate amount of ₹ 32,223 and remaining 5% of the reconstituted paid-up share capital of ACL is held by existing public shareholders.

In accordance with Ind AS 103 “Business Combination”, purchase consideration has been allocated on a provisional basis, pending final determination of the fair value of assets acquired and liabilities assumed. The resulting difference has been accounted as capital reserve. The financial statements include the results of ACL from March 18, 2023 to March 31, 2023. Accordingly, the Parent Company has recognised its share of capital reserve amounting to ₹ 1,914 during the financial year ended March 31, 2023.

During the current year, the Parent Company has finalised the fair values of identifiable assets and liabilities taken over as on acquisition date, which has resulted in capital reserve of ₹ 37,516 and accordingly, the incremental capital reserve of ₹ 35,602 was recorded in accordance with Ind-AS 103 ‘Business Combinations’.

As per Ind AS 103 ‘Business Combinations’, purchase consideration has been allocated on the basis of the fair value of the acquired assets and liabilities. The resulting differential has been accounted as capital reserve.

Details of the purchase consideration, net assets acquired, and bargain purchase are as follows:

Particulars	Amount (₹)	Amount (₹)
Consideration paid		32,223
Assets		
Non-current	1,18,825	
Current	7,402	
	<b>1,26,227</b>	
Liabilities		
Non-current	50,996	
Current	1,822	
	<b>52,818</b>	
Less: Net assets of Andhra Cements Limited as on March 17, 2023		73,409
Less: Non-controlling interest as on March 17, 2023		3,670
<b>Gain on Bargain purchase</b>		<b>37,516</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

**43.** On July 06, 2023, the Parent 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 Jajpur Cements Private Limited (JCPL) (Transferor Company), a wholly owned subsidiary, with the Company (Transferee Company) with an appointed date of April 01, 2022. The scheme as approved by various regulatory authorities was sanctioned by Hyderabad bench of National Company Law Tribunal (NCLT) on September 14, 2023. 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 of JCPL are reflected in the standalone 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 JCPL 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)	Total
<b>Assets</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	27,582	-	27,582
(b) Capital work-in-progress	-	-	-
(c) Intangible assets	1	-	1
(d) Goodwill	-	63	63
(e) Right of use assets	566	-	566
(f) Investments	31,468	-	31,468
(g) Other Non-current financial assets	661	(158)	503
(h) Income tax assets (net)	4	-	4
(i) Deferred tax assets	545	-	545
(j) Other non-current assets	9,573	-	9,573
<b>Total Non-current assets</b>	<b>70,400</b>	<b>(95)</b>	<b>70,305</b>

Particulars	Transferor Company	Elimination (Refer Note 1 below)	Total
<b>Current assets</b>			
(a) Inventories	1,106	-	1,106
(b) Trade receivables	259	(32)	227
(c) Cash and cash equivalents	2	-	2
(d) Bank balances other than cash and cash equivalents	10	-	10
(e) Other financial assets	1	-	1
(f) Other current assets	9,013	(1,133)	7,880
<b>Total Non-current assets</b>	<b>10,391</b>	<b>(1,165)</b>	<b>9,226</b>
<b>Total Assets</b>	<b>80,791</b>	<b>(1,260)</b>	<b>79,531</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	10,768	(10,768)	-
Other equity	(1,512)	(221)	(1,733)
<b>Total equity</b>	<b>9,256</b>	<b>(10,989)</b>	<b>(1,733)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Borrowings	18,753	-	18,753
(b) Lease liabilities	46	-	46
(c) Other financial liabilities	46,632	(46,483)	149
(d) Provisions	7	-	7
<b>Total Non-current liabilities</b>	<b>65,438</b>	<b>(46,483)</b>	<b>18,955</b>
<b>Current liabilities</b>			
(a) Borrowings	4,050	-	4,050
(b) Trade payables	377	(31)	346
(c) Lease liabilities	4	-	4
(d) Other financial liabilities	1,449	(1,338)	111
(e) Provisions	3	-	3
(f) Other current liabilities	214	-	214
<b>Total Current liabilities</b>	<b>6,097</b>	<b>(1,369)</b>	<b>4,728</b>
<b>Total</b>	<b>80,791</b>	<b>(58,841)</b>	<b>21,950</b>



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All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	For the year ended March 31, 2023
<b>Net Profit for the year</b>	
As per financial statements of FY 2022-23	850
Less: Adjustment due to merger	111
<b>Net Profit for the year post merger</b>	<b>961</b>
<b>Total Tax for the year</b>	
As per financial statements of FY 2022-23	997
Less: Adjustment due to merger	(111)
<b>Tax charge on profits for the year post merger</b>	<b>886</b>

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

Particulars	For the year ended March 31, 2023
<b>Net cash generated from operating activities</b>	
As per financial statements of FY 2022-23	17,516
Less: Adjustment due to merger	-
<b>Net cash generated from operating activities post-merger</b>	<b>17,516</b>
<b>Net cash generated from/ (used in) investing activities</b>	
As per financial statements of FY 2022-23	16,996
Less: Adjustment due to merger	-
<b>Net cash used in investing activities post merger</b>	<b>16,996</b>
<b>Net cash generated from financing activities</b>	
As per financial statements of FY 2022-23	(36,656)
Add: Adjustment due to merger	-
<b>Net cash used in financing activities post merger</b>	<b>(36,656)</b>
<b>Net increase in cash and cash equivalent</b>	
As per financial statements of FY 2022-23	(2,144)
Less: Adjustment due to merger	-
<b>Net increase in cash and cash equivalent post merger</b>	<b>(2,144)</b>

#### Note:

1. Represents elimination between Transferor Company and Transferee Company.

44. 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.

### 45. Capital Work-in-Progress:

#### (a) Capital Work-in-Progress ageing:

Ageing for capital work-in-progress as at March 31, 2024 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	678	660	49	83	1,470

Ageing for capital work-in-progress as at March 31, 2023 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	7,877	1,903	81	57	9,918

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



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### (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, 2024	For the year ended March 31, 2023
<b>Expenditure during construction for projects</b>		
Finance costs	108	221
<b>Total expenditure during construction for projects</b>	<b>108</b>	<b>221</b>
Less: Sale of products / Other income	-	-
<b>Add: Balance at the beginning of the year</b>	<b>284</b>	<b>628</b>
Less: Capitalised during the year	(392)	(565)
<b>Closing balance included in CWIP</b>	<b>-</b>	<b>284</b>

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



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### 46. Relationship with struck off companies:

Name of Struck off Company	Relationship	Nature of transactions	Transactions during the year ended March 31, 2024	Transactions during the year ended March 31, 2023	Balance outstanding as at March 31, 2024*	Balance outstanding as at March 31, 2023*
Marble Estate India Limited			-	-	(0.13)	(0.13)
Keller Ground Engineering India Private Limited			-	-	(2.00)	(2.00)
Target Fabrication & Constructions Private Limited	Customer	Sale of cement	-	3.92	(0.10)	(0.10)
Sudarshan Construction			-	1.80	-	-
Shagun Ashiyana Private Limited			-	1.80	-	-
Ninad Holding Private Limited			-	-	46 No's	46 No's
Ninad Holding Pvt Ltd			-	-	125 No's	125 No's
Fairgrowth Investments Limited			-	-	34 No's	34 No's
Cosmat Investments Private Limited			-	-	20 No's	20 No's
Skyline Promoters Private Limited			-	-	15 No's	15 No's
LYNX Mutual Funds Limited			-	-	13 No's	13 No's
Rockland Leasing Limited			-	-	11 No's	12 No's
Baps (India) Trading Private Limited			-	-	11 No's	11 No's
Micronet Software Services Private Limited			-	-	10 No's	10 No's
Silver Arrow Investments Private Limited			-	-	9 No's	9 No's
Victor Properties Private Limited			-	-	-	6 No's
Devika Constructions Private Limited	Shareholders of Andhra Cements Limited		-	-	5 No's	5 No's
Paul Dey & Company Private Limited			-	-	4 No's	4 No's
Suphala Plantations India Limited			-	-	4 No's	4 No's
Sukam Financial Services Private Limited			-	-	3 No's	3 No's
GPS Commercial Private Limited			-	-	3 No's	3 No's
Sindhudurg Investments Private Limited			-	-	3 No's	3 No's
HI-LEA Finance Limited			-	-	3 No's	3 No's



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Name of Struck off Company	Relationship	Nature of transactions	Transactions during the year ended March 31, 2024	Transactions during the year ended March 31, 2023	Balance outstanding as at March 31, 2024*	Balance outstanding as at March 31, 2023*
Victor Properties Private Limited		-	-	-	1 No	1 No
Aravali Commercial Private Limited		-	-	-	1 No	1 No
Mifco Credits & Securities Limited		-	-	-	1 No	1 No
Prananjali Investment & Trading Co Private Limited		-	-	-	1 No	1 No
Baps (India) Trading Private Limited	Shareholders of Andhra Cements Limited	-	-	-	1 No	1 No
Rajendra Mercantile Private Limited		-	-	-	1 No	1 No
Rohifin Investment Private Limited		-	-	-	1 No	1 No
Small Lots Services Limited		-	-	-	1 No	1 No
HPM Investments Limited		-	-	-	1 No	1 No
Balbir Leasing Private Limited		-	-	-	1 No	1 No
Kay Bee Finvest Private Limited		-	-	-	1 No	1 No

\*Negative amount indicates payable.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**47.** As per the requirements of Rule 3(1) of the Companies (Accounts) Rules 2014, the Group is required to use only such accounting software for maintaining its books of accounts that have a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and who made those changes within such accounting software.

In respect of the accounting software used by the Group, audit trail was not enabled at certain master tables at application level and database level to log any direct data changes. In respect of such application and database, the Group has established and maintained an adequate internal control framework over its financial reporting and based on its assessment, has concluded that the internal controls for the year ended March 31, 2024 were effective. The Group is in the process of system upgradation to meet the audit trail requirements for the relevant masters at application level and database.

**48.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**49.** Political contributions amounting to ₹ 250 (March 31, 2023: ₹ 5), which includes ₹ 250 (March 31, 2023: ₹ Nil) contributed through electoral bonds made in accordance with Section 182 of the Companies Act, 2013. The Group has considered the Supreme Court judgement dated February 15, 2024, including the directions to the State Bank of India and the Election Commission of India on furnishing and public disclosure of information in respect of the electoral bonds. Political contributions via Electoral Bonds for the year ended March 31, 2024, were made by the Group prior to the Hon'ble Supreme Court judgement pronounced on February 15, 2024.

**50.** The Parent Company has made Offer For Sale (OFS) through stock exchange mechanism for its investment in Andhra Cements Limited (ACL) to meet the initial requirement of Minimum Public Shareholding (MPS) by ACL. Accordingly, shareholding of the Company in ACL reduced from 95% to 90%. The Company registered a short-term capital gain of ₹ 3,189 from the OFS, which was classified as 'Other Income'.

**51.** Exceptional item for the year ended March 31, 2024, represents impairment reversal recorded based on remeasurement of certain assets at fair value as per agreement entered by the subsidiary, Andhra Cements Limited.

### 52. Other statutory information

- (i) The Group does not have any Benami property, nor any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group has not revalued its Property, plant & equipment (including right-of-use assets) and Intangible assets during the period.
- (iii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) The Parent Company and 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in ₹ Lakhs unless otherwise stated

- (v) The Parent Company and Subsidiary Companies 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,
- (vi) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (vii) The Group has no 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).

**53.** These consolidated financial statements were approved by the Company's Board of Directors on May 14, 2024.

For and on behalf of the Board of Directors of

**Sagar Cements Limited**

**Dr. S. Anand Reddy**

Managing Director

DIN: 00123870

**J. Raja Reddy**

Company Secretary

M. No. A31113

**S. Sreekanth Reddy**

Joint Managing Director

DIN: 00123889

**K. Prasad**

Chief Financial Officer

Place: Hyderabad

Date: May 14, 2024