

BMM CEMENTS LIMITED

9TH ANNUAL REPORT

2015-16
2015-16

BOARD OF DIRECTORS

Shri O.Swaminatha Reddy
Shri S.Veera Reddy
Dr.S.Anand Reddy
Shri S.Sreekanth Reddy
Ms.S.Sahithi
Shri K.Thanu Pillai
Shri V.H.Ramakrishnan

Chairman – Independent & Non Executive
Managing Director
Director
Director
Executive Director
Independent & Non Executive
Independent & Non Executive

COMPANY SECRETARY

Shri R.Soundararajan

CHIEF FINANCIAL OFFICER

Shri K.Prasad

AUDITORS

M/s.Deloitte Haskins & Sells
Chartered Accountants
(FR NO.008072S)
1-8-384 & 385, 3rd Floor, Gowra Grand
S.P.Road, Begumpet
Secunderabad-500 003

COST AUDITORS

M/s.GNV & Associates
Cost Accountants
(FR No.000150)
8, I Floor, 4th Main Road, (Next to Indian Bank)
Chamarajpet
Bangalore-560 018
Ph: 080-41157020

BANKERS

State Bank of Hyderabad
Corporation Bank
Yes Bank Limited

REGISTERED OFFICE

19/13, Old # 19/5, 19/6, 3rd Floor, Western Side
Kareem Towers, S.R.T.Road, (Cunningham Road)
Bangalore-560 052
Karnataka
Website: www.bmmcements.in, e-mail: info@bmmcements.in

CORPORATE IDENTITY NUMBER

U40300KA2007PLC043746

PLANT

Gudipadu Village and Post
Yadaki Mandal, Ananthapur District
Andhra Pradesh-515 408
Tel: 08558 200272

BMM Cements Limited
CIN: U40300KA2007PLC043746)

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of BMM Cements Limited will be held on Saturday, the 24th September 2016 at 11.00 a.m. at the Registered Office of the company at 19/13, Old No.19/5, 19/6, 3rd Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru - 560052 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2016 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution as an ordinary resolution.

“Resolved that the audited Financial Statements of the Company for the year ended 31st March 2016 together with the reports of the auditors and directors thereon be and are hereby received, considered, approved and adopted.

2. To consider and, if thought fit, to pass with or without modifications(s) the following resolution as an Ordinary Resolution.

“Resolved that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, M/s.Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No.008072S) be and are hereby appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 14th Annual General Meeting of the Company subject to ratification by shareholders annually, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the said Auditors.”

SPECIAL BUSINESS

3. **Appointment of Shri S.Veera Reddy as Director of the Company.**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an “Ordinary Resolution”.

“Resolved that Shri S.Veera Reddy (DIN: 00123833) who was appointed as an Additional Director on 27th August, 2015 under Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom, the company has received a notice from a member proposing Shri S.Veera Reddy as a candidate for the office of the director of the company be and is hereby appointed as a Director liable to retire by rotation.”

4. **Appointment of Dr.S.Anand Reddy as Director of the Company.**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an “Ordinary Resolution”.

“Resolved that Dr.S.Anand Reddy (DIN: 00123870) who was appointed as an Additional Director on 27th August, 2015 under Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom, the company has received a notice from a member proposing Dr.S.Anand Reddy as a candidate for the office of the director of the company be and is hereby appointed as a Director liable to retire by rotation.”

5. Appointment of Shri S.Sreekanth Reddy as Director of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an “Ordinary Resolution”.

“Resolved that Shri S.Sreekanth Reddy (DIN: 00123889) who was appointed as an Additional Director on 27th August, 2015 under Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom, the company has received a notice from a member proposing Shri S.Sreekanth Reddy as a candidate for the office of the director of the company be and is hereby appointed as a Director liable to retire by rotation.”

6. Appointment of Shri O.Swaminatha Reddy as an Independent Director of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an “Ordinary Resolution”

Resolved that pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri O.Swaminatha Reddy (DIN: 00006391), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th August 2015 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying its mention to propose Shri O.Swaminatha Reddy as a candidate for the office of a director of the company, be and is hereby appointed as an Independent Director of the company for a period of five years viz., up to 26th August 2020, not liable to retire by rotation.

7. Appointment of Shri K.Thanu Pillai as an Independent Director of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an “Ordinary Resolution”.

Resolved that pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri K.Thanu Pillai (DIN: 00025312), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th August 2015 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying its mention to propose Shri K.Thanu Pillai as a candidate for the office of a director of the company, be and is hereby appointed as an Independent Director of the company for a period of five years viz., up to 26th August 2020, not liable to retire by rotation.

8. Appointment of Shri V.H.Ramakrishnan as an Independent Director of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an “Ordinary Resolution”

Resolved that pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri V.H.Ramakrishnan (DIN: 00143948), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th August 2015 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying its mention to propose Shri V.H.Ramakrishnan as a candidate for the office of a director of the company, be and is hereby appointed as an Independent Director of the company for a period of five years viz., up to 26th August 2020, not liable to retire by rotation.

9. Appointment of Ms.S.Sahithi as a Director, liable to retire by rotation

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an “Ordinary Resolution”.

Resolved that pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the company, Ms.S.Sahithi (DIN: 07293511), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 23rd September 2015 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying its mention to propose Ms.S.Sahithi as a candidate for the office of a director of the company, be and is hereby appointed as a Director of the company, liable to retire by rotation.

10. Appointment of Ms.S.Sahithi as a Whole-time Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a “Special Resolution”.

Resolved that pursuant to the provisions of Section 196 and 197, Schedule V and other applicable provisions of the Companies Act 2013, the approval of the company be and is hereby accorded for the appointment of Ms.S.Sahithi (DIN: 07293511) as a Whole-time Director with the designation ‘Executive Director’ of the company for a period of one year with effect from 18th March 2016 on a consolidated remuneration of Rs.1,50,000/- per month, notwithstanding the loss or inadequate profit that the company may suffer during the her tenure as Executive Director..

Resolved Further that the Board of Directors of the company, be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

11. To ratify the remuneration payable to Cost Auditor for the financial year ending March 31, 2016 and in this regard to consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

“Resolved that pursuant to Section 148(3) and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the payment of remuneration of Rs.75,000/- excluding reimbursement of actual travel and out of pocket expenses and applicable taxes to the Cost Auditors M/s.GNV & Associates., Cost Accountants, Bengaluru, (Firm Registration No.0000150), to conduct the audit of the cost records of the company for the financial year ending March 31, 2017.”

“Resolved Further that the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

R.Soundararajan
Company Secretary

27th July, 2016

Registered Office:
19/13, Old No.19/5, 19/6, 3rd Floor,
Western Side, Kareem Towers,
SRT Road, (Cunningham Road),
Bengaluru – 560052

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the business under Items No.2 to 11 in the Notice is given in the Annexure-1, which forms part of this Notice.
2. The details required to be given in respect of reappointment of directors are given in the Annexure-2, which forms part of this Notice.
3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the said proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the company, duly completed and signed, not less than forty eight hours before the commencement of the meeting.
4. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Members are requested to notify the company of the change in address, if any, quoting the registered folio number.

6. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the company during normal business hours (9.30 a.m. to 6.00 p.m.) on all working days except Saturdays and Sundays, up to the date of the Annual General Meeting of the Company.
7. Section 72 of the Companies Act, 2013 provides for Nomination by the shareholders of the Company and the shareholders are requested to avail this facility.

By Order of the Board of Directors

R.Soundararajan
Company Secretary

27th July, 2016

Registered Office:
19/13, Old No.19/5, 19/6, 3rd Floor,
Western Side, Kareem Towers,
SRT Road, (Cunningham Road),
Bengaluru - 560052

Annexure to the Notice of the 9th Annual General Meeting
Annexure 1
Statement pursuant to Section 102 (1) of the Companies Act 2013

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.2 to 11 of the accompanying Notice dated 27th July 2016.

On Item No.2

M/s.Deloitte Haskins & Sells, Chartered Accountants (FR No.008072S) were appointed as Auditors in the casual vacancy caused by the resignation of M/s.T D Jain and D I Sakaria, Chartered Accountants (Firm Registration No.002491S). The said appointment was later approved by the shareholders at the Extra-ordinary General Meeting held on 9th December 2015.

In accordance with Sub Section 8 of Section 139 of the Companies Act, 2013, the term of M/s.Deloitte Haskins & Sells will expire with the conclusion of the ensuing AGM. The Auditors, M/s.Deloitte Haskins & Sells, have given their consent for the re-appointment. A suitable proposal is being placed before the shareholders for approval for the said appointment.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested, financially or otherwise in the Resolution.

On Item No.3

Shri S.Veera Reddy was appointed as an additional director on the Board on 27th August, 2015. Under Section 161 (1) of the Companies Act, 2013, Shri S.Veera Reddy will be holding his office up to the ensuing Annual General Meeting. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Shri S.Veera Reddy's appointment as a Director liable to retire by rotation. A brief profile of Shri S.Veera Reddy is given in the annexure.

Dr.S.Anand Reddy, Shri S.Sreekanth Reddy and Ms.S.Sahithi who are all the other directors in the company and related to Shri S.Veera Reddy may be deemed to be interested in the resolution along with Shri S.Veera Reddy, whose appointment as director is proposed.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.3.

On Item No.4

Dr.S.Anand Reddy was appointed as an additional director on the Board on 27th August, 2015. Under Section 161 (1) of the Companies Act, 2013, Dr.S.Anand Reddy will be holding his office up to the ensuing Annual General Meeting. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Dr.S.Anand Reddy appointment as a Director liable to retire by rotation. A brief profile of Dr.S.Anand Reddy is given in the annexure.

Shri S.Veera Reddy, Shri S.Sreekanth Reddy and Ms.S.Sahithi who are all the other directors in the company and related to Dr.S.Anand Reddy may be deemed to be interested in the resolution along with Dr.S.Anand Reddy, whose appointment as director is proposed.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution concerning proposed in Item No.4.

On Item No.5

Shri.S.Sreekanth Reddy was appointed as an additional director on the Board on 27th August, 2015. Under Section 161 (1) of the Companies Act, 2013, Shri.S.Sreekanth Reddy will be holding his office up to the ensuing Annual General Meeting. A notice under Section 160(1) of the Act has been received from a Member signifying his intention to propose Shri.S.Sreekanth Reddy appointment as a Director liable to retire by rotation. A brief profile of Shri.S.Sreekanth Reddy is given in the annexure.

Shri S.Veera Reddy, Dr.S.Anand Reddy and Ms.S.Sahithi who are all the other directors in the company and related to Shri S.Sreekanth Reddy may be deemed to be interested in the resolution along with Shri S.Sreekanth Reddy, whose appointment as director is proposed.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.5.

On Item No.6, 7 & 8

Shri O.Swaminatha Reddy, Shri K.Thanu Pillai and Shri V.H.Ramakrishnan were appointed as an Additional Directors by the Board with effect from 27th August, 2015, pursuant to Section 161 of the Companies Act 2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, they will hold office up to date of the ensuing AGM. The company has received notices in writing under the provisions of Section of 160 of the Companies Act 2013 from a member along with the requisite deposit proposing the above individuals for the office of the independent directors under the provisions of Section of 149 of the Companies Act 2013.

The company has received from the above individuals i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Company's (Appointment and qualification of director) Rules 2014, ii) intimation in Form DIR-8 in terms of Company's (Appointment and Qualification of Directors) Rules 2014 to the effect that, they are not disqualified under Sub-Section 2 of Section 164 of the Companies Act 2013 and iii) a declaration to the effect that they meet the criteria of independence as provided in Sub Section 6 of Section 149 of the Companies Act 2013.

The resolutions seek the approval of the members for the appointment of these directors as an independent directors of the company up to 26th August 2020 pursuant to Section 149 and other applicable provisions of the Companies Act 2013 and the Rules made thereunder and they are not liable to retire by rotation.

As the resolution relates to the appointment of Shri O.Swaminatha Reddy, Shri K.Thanu Pillai and Shri V.H.Ramakrishnan as an Independent Directors, to that extent, they may be deemed to be interested in the resolution.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.6, 7 and 8.

On Item No.9 and 10

Ms.S.Sahithi was appointed as an additional director on the Board on 23rd September, 2015. Under Section 161 (1) of the Companies Act, 2013, Ms.S.Sahithi will be holding her office up to the ensuing Annual General Meeting. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Ms.S.Sahithi's appointment as a Director liable to retire by rotation. A brief profile of Ms.S.Sahithi is given in the annexure.

Further, to look after the day to day affairs of the Company and based on the recommendation made by the Nomination and Remuneration Committee of the Board for the purpose, the Board of Directors, at their meeting held on March 18, 2016, appointed Ms. Sammidi Sahithi as a Whole-time Director with the designation as Executive Director for a period of one year with effect from March 18, 2016, on a consolidated remuneration of Rs.1,50,000/- per month.

In terms of Section 196 and 197 of the Companies Act, 2013 read with its Schedule V, the said appointment would require the approval of the Shareholders through a Special Resolution.

A brief profile of Ms. Sammidi Sahithi is given in the annexure.

The statement containing information required to be furnished under Section II of Part II of Schedule V to the Companies Act, 2013 is given below:

I	General Information		
(1)	Nature of Industry	Cement	
(2)	Date of commencement of commercial production	30.08.2007	
(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
(4)	Financial performance based on given indicators	Description	Rs. in Lakhs
			2015-16
			2014-15
		Income	24386.04
			10410.61
		Profit / (Loss) before Interest Depreciation & Tax	4754.83
			5975.99
		Profit / (Loss) after Tax	(2616.64)
			(2526.03)
(5)	Export performance and net foreign exchange	Nil	
(6)	Foreign investments or collaborators, if any	Nil	

II	Information about the appointee		
	(1)	Background details	Ms.S.Sahithi,
	(2)	Past remuneration	New appointment
	(3)	Recognition or awards	-
	(4)	Job profile and suitability	The ED devotes her whole time and attention to the business of the company and carries out such duties as may be entrusted to her by the Board from time to time and exercises such powers as may be assigned to her, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as a whole-time director, she is looking after the overall day to day affairs of the company.
	(5)	Remuneration proposed	As detailed in the resolution
	(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration being proposed to Ms.S.Sahithi is much less than the remuneration prevailing in the companies of similar size in the cement industry.
	(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Ms.S.Sahithi is related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Director, Shri S.Sreekanth Reddy and Director of the Company.
III	Other Information		
	(1)	Reasons for loss or inadequate profits	<p>The company has incurred loss in the year 2015-16 as the company could not operate at optimum capacity as it was unable to extract the mines from its captive mines, and was forced to outsource the limestone at a high cost.</p> <p>The company has since obtained the requisite mining lease. The company has overcome the above problem and there is a marked improvement in the capacity utilization of the plant</p> <p>The infrastructure and construction industries, which are the main drivers for cement industry, are expected to get further boost in the coming years with the Government's continuous thrust to these sectors. These will hopefully further increase the demand for cement and put the performance of the company on a stronger position.</p>
	(2)	Steps taken or proposed to be taken for improvement	
	(3)	Expected increase in productivity and profits in measurable terms	

IV	Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013				
	(1)	Age	25 years		
	(2)	Qualification	B.Com.,		
	(3)	Experience	Has been a Director in BMM Cements Limited since September 23, 2015.		
	(4)	Date of first appointment on the Board	23.09.2015		
	(5)	Shareholding in the company	Nil		
	(6)	Relationship with other Directors	Related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Director and Shri S.Sreekanth Reddy, Director.		
	(7)	Number of meetings of the Board attended during the year	5		
	(8)	Other Directorships	Name of the Company	Nature of Directorship	
			-	-	
	(9)	Membership/Chairmanship of Committees of other Boards	Name of the Company	Nature of Committee	Nature of Membership
			-	-	-

As the resolution is related to the appointment of Ms. Sammidi Sahithi, to that extent she and Dr.S.Anand Reddy, Shri S.Veera Reddy and Shri S.Sreekanth Reddy, who are related to her, may be deemed to be interested in the resolution. These directors do not beneficially own any shares in the Company. No other directors or Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in the resolution.

Your Directors recommend the appointment of Ms.S.Sahithi as a director liable to retire by rotation and as a Whole-time director with the designation as Executive Director for the period and on the remuneration as mentioned in the resolution.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution as proposed in Item No.9 and 10.

On Item No.11

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s.GNV & Associates as Cost Auditors for the Financial Year 2016-17 on a remuneration as detailed in the resolution.

In accordance with the provisions of Section 148 of the Act, 2013 and the Rules made there under, the remuneration payable to the Cost Auditors needs to be ratified by the shareholders of the company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.10 of the Notice ratifying the remuneration payable to the Cost Auditors as mentioned in the resolution for the financial year ending March 31, 2017.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.10.

By Order of the Board of Directors

Hyderabad
27th July, 2016

R.Soundararajan
Company Secretary

Registered Office:
19/13, Old No.19/5, 19/6, 3rd Floor,
Western Side, Kareem Towers,
SRT Road, (Cunningham Road),
Bengaluru - 560052.

Annexure 2

Details of Directors seeking re-appointment at the Annual General Meeting

Name of the Director	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy	Ms.S.Sahithi	Shri O.Swaminatha Reddy	Shri K.Thanu Pillai	Shri V.H.Ramakrishnan
Date of birth	26.10.1935	10.06.1964	27.08.1971	27.02.1991	25.12.1930	14.05.1935	13.04.1941
Experience in specific functional areas	Industrialist	Corporate Executive	Cement Technologist. Has been on the Board since 2003 as Whole-time Director	Corporate Executive	Financial & Management Consultant Former CMD Andhra Bank and APSFC	Banking and Finance	Retired Bank Executive Possess vast knowledge in Finance and related matters
Qualification	Studied up to B.A.	M.B.B.S.	B.E. (I & P) and PG Diploma in cement technology	B.Com.,	B.Com (Hons.), A.C.A.	B.Com., MBA, CAIIB	B.Sc., ACA, ACMA
Directorships in other Companies	Sagar Cements Ltd. Sagar Power Ltd. Panchavati Polyfibres Ltd. Golkonda Hospitality Services and Resorts Ltd. Sagar Priya Housing and Industrial Enterprises Ltd.	Sagar Cements Ltd. Sagar Power Ltd., Sagar Priya Housing and Industrial Enterprises Ltd. Panchavati Polyfibres Ltd. Super Hydro Electric Pvt. Ltd. SPL Renewable Energy Pvt. Ltd.	Sagar Cements Ltd. Sagarsoft (India) Ltd. Sagar Power Ltd. Sagar Priya Housing & Industrial Enterprises Ltd. Super Hydro Electric Pvt.Ltd. SPL Renewable Energy Pvt.Ltd. Sree Venkateswara Winery and Distillery Pvt.Ltd.	Nil	Sagar Cements Ltd., K.C.P.Ltd., Bhayanagar India Ltd., Hyderabad Transport Corporation of India Ltd., Delhi Sagar Power Ltd., K.M.Power Ltd., Hyderabad TCI Developers Ltd., Tembhu Power Ltd., Surana Ventures Ltd., Hyderabad	Sagar Cements Ltd., Aishu Dream Lands Ltd., Amar Bio-tech Ltd., Bollineni Developers Ltd. Krishna Institute of Medical Sciences Ltd., Simhapuri Expressway Ltd. RAA Advisory Services Pvt.Ltd. Venkateswara Financiers Hyderabad Pvt.Ltd. Mokama-Munger Highway Ltd.,	Sagar Cements Ltd. The KCP Ltd.
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Sagar Power Ltd., Chairman – Audit Committee	Sagar Cements Ltd., Member, Stakeholders' Relationship Committee	Nil	Nil	Audit Committee: Sagar Cements Ltd.	Audit Committee: Sagar Cements Ltd.	Audit Committee: Sagar Cements Ltd. The KCP Ltd. Stakeholders Relationship Committee: The KCP Ltd.
No. of shares held in the company	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Inter-se relationship with other Directors of the Company	Related to Dr.S.Anand Reddy, Director, Shri S.Sreekanth Reddy, Director and Ms.S.Sahithi, Executive Director	Related to Shri S.Veera Reddy, Managing Director, Shri S.Sreekanth Reddy, Director and Ms. S.Sahithi, Executive Director	Related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Director and Ms.S.Sahithi, Executive Director	Related to Dr.S.Anand Reddy, Director, Shri S.Veera Reddy, Managing Director and Shri S.Sreekanth Reddy, Director	None	None	None

By Order of the Board of Directors

Hyderabad
27th July, 2016

R.Soundararajan
Company Secretary

Registered Office:
19/13, Old No.19/5, 19/6, 3rd Floor,
Western Side, Kareem Towers, SRT Road, (Cunningham Road),
Bengaluru – 560052.

Directors Report

To,

The Members,

Your Directors have pleasure in presenting their Ninth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

Financial and Business Performance

The Company's financial performance for the year ended March 31, 2016 is summarized below:

Particulars	Rs.in Lakhs	
	Year ended 31.03.2016	Year ended 31.03.2015
Revenue	22842.29	11597.96
Earnings Before Interest, Depreciation, Taxation & Amortization (EBIDTA)	4754.85	188.90
Finance Cost	5429.81	3574.35
Depreciation & Amortization	1735.09	1726.78
Exceptional Items	0.00	5787.08
Profit Before Taxation (PBT)	(2410.05)	674.85
Provision for current tax	206.57	3200.89
Profit after Taxation (PAT)	(2616.62)	(2526.04)

Performance of the Company

The company reported a net revenue of Rs.22842.29 lakhs as against Rs.11597.96 lakhs in the previous year. The EBITDA of the company stood at Rs.4754.85 lakhs for the year under review as against Rs.188.90 lakhs for the previous year. The company has incurred a loss of Rs.2410.05 lakhs against a profit of Rs.674.85 lakhs in the previous year. The net loss stood at Rs 2616.62 lakhs for the year under review as against a net loss of Rs.2526.04 lakhs in the previous year.

During the year under review, the cement production was 4,46,904 MTs compared to 1,58,194 MTs in the previous year. Power generated during the year under review was 151328 MWH as against 103712 MWH in the previous year.

In accordance with the approval given by the shareholders, the company has issued 1500 Non-convertible Debentures of Rs.10,00,000/- each to International Finance Corporation (IFC) for raising a sum of Rs.150 crores which has been utilised by the company, inter-alia, for substituting its loans and for meeting capital expenditure. This loan has been secured, inter-alia, by the Corporate Guarantee furnished by the holding company viz., Sagar Cements Limited. These debentures have listed on the National Stock Exchange of India Limited, under the relevant regulations.

During the year under review, there was a change in the management of the company, with the acquisition of its entire equity shareholding by Sagar Cements Limited by virtue of which, your company, has become a wholly-owned subsidiary of Sagar Cements Limited.

As the shareholders are aware, your company could not operate at optimum capacity as it was unable to extract the mines from its captive mines, which was forced to outsource the limestone at a high cost. Your directors are pleased to inform you that the company has since obtained the requisite mining lease. With the obtaining of the mining lease, the above problem has since been overcome and there is a marked improvement in the capacity utilization of your plant. The cement produced by the company is being sold under the holding company brand name viz., 'Sagar'.

Dividend

In view of the absence of profit, your Directors have not recommended any dividend for the financial year ended 31st March, 2016.

Share Capital

There was no change in the share capital of your company during the year under report.

Future outlook

The per capita consumption of cement being very low in India, there is a vast scope for growth in demand for cement on the long term. However, for a real growth to happen in the cement industry, there should be an overall growth in investments in the real estate and infrastructure sectors.

With the Government of Andhra Pradesh focussing more on the development of infrastructure, demand for cement is expected to see a significant growth and your company with the support of your holding company and its infrastructure is poised to grab the opportunities available in the scenario. However, till such time that the above scenario becomes a reality, your company may have to continue to face the problems like rising input and distribution costs and therefore, taking these into account, your Board is cautiously optimistic about the future outlook for your company.

Deposits

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Particulars of loans, guarantees or investments under section 186

The particulars of loans, guarantees and investments have all been disclosed in the financial statements.

Internal Control Systems and their adequacy

The Company has an internal control system commensurate with the size, scale and complexity of its operations. To maintain objectivity and independence, the Internal Auditors directly reports to the Chairman of the Audit Committee of the Board.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

a) Conservation of Energy

The Company makes conscious efforts to reduce its energy consumption though its nature of operations are not energy-intensive. Some of the measures undertaken by the Company on a continuous basis including during the year are stated below:

- i. Rationalization of usage of electrical equipments- air-conditioning system, office illumination, desktops.
- ii. Regular monitoring of temperature inside the buildings and controlling the air-conditioning System.
- iii. Usage of energy efficient illumination fixtures.

b) Technology Absorption:

Efforts made for technology absorption	Nil
Benefits derived	Nil
Expenditure on Research & Development, if any	Nil
Details of technology imported, if any	Nil
Year of import	Nil
Whether imported technology fully absorbed	Nil
Areas where absorption of imported technology has not taken place, if any	Nil

c) Foreign Exchange Earnings/ Outgo:

Earnings	Nil
Outgo	Nil

Directors

During the year, consequent upon the change in the management and shareholding of your company, the following directors have resigned from the Board, which placed on record the valuable services rendered by them during their respective tenure as directors of the company.

Shri Dinesh Kumar Singhi
Smt.Snehalata Singhi
Shri Laxmipat Dudheria
Shri Pratapgiri Subramanyam
Shri Narasimha Murthy

The following directors were appointed as Additional Directors and in accordance with Section 161 of the Companies Act 2013, they will hold the office up to the date of the ensuing Annual General Meeting. Notices under Section 160 of the Companies Act 2013 from a member of the company, proposing the appointment of these directors, at the ensuing Annual General Meeting as directors liable to retire by rotation.

Shri S.Veera Reddy
Dr.S.Anand Reddy
Shri S.Sreekanth Reddy
Ms.S.Sahithi
Shri.O.Swaminatha Reddy
Shri.K.Thanu Pillai
Shri.V.H.Ramakrishnan

During the year, your Board appointed Shri S.Veera Reddy as Managing Director, which was later approved by the shareholders at the Extra-ordinary General Meeting held on 9th December 2015.

During the year, your Board appointed Ms.S.Sahithi as Whole-time Director with designation as Executive Director for a period of one year from 18th March 2016. Approval of the members is being sought at the ensuing Annual General Meeting for the said appointment.

Appointment of Key Managerial Personnel

Pursuant to Section 203 of the Companies Act 2013, in addition to Shri S.Veera Reddy, Managing Director, Shri K.Prasad, Chief Financial Officer and Shri R.Soundararajan, Company Secretary of the holding company viz., Sagar Cements Limited, have been appointed as Chief Financial Officer and Company Secretary respectively of the company.

Appointment of Independent Directors

In accordance with Section 149 of the Companies Act 2013, approval of the shareholders is sought for appointment of Shri O.Swaminatha Reddy, Shri K.Thanu Pillai and Shri V.H.Ramakrishnan as independent directors of the company. The company has already received the necessary declaration from each Independent Director in accordance with Section 149 (7) of the Companies Act 2013, that he meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act 2013.

Formal Annual Evaluation

The Company has formulated a Policy for performance evaluation of independent directors, Board, Committees and other individual directors which includes criteria for performance evaluation of the non-executive director and executive director.

In terms of the policy and pursuant to the provisions of the Companies Act, 2013 the Board has carried out an evaluation of its own performance, the directors individually as well as evaluation of the working of its Audit and Nomination & Remuneration Committees.

The policy for selection of Director's and determining Director's independence of the Company is attached herewith marked as Annexure I.

Remuneration Policy

The Board on the recommendation of the Nomination & Remuneration Committee has framed a remuneration policy for Directors, Key Managerial Personnel and other employees. The remuneration policy for Directors, Key Managerial Personnel and other employees is attached herewith marked as Annexure-2.

Meetings

During the year 12 Board Meetings, 5 Audit Committee Meeting and 1 Nomination & Remuneration Committee Meeting were held.

Audit Committee:

The Audit Committee comprises Shri O.Swaminatha Reddy, Shri K.Thanu Pillai and Shri V.H.Ramakrishnan as members. All recommendations made by the Audit Committee were accepted by the Board.

Nomination & Remuneration Committee:

The Nomination & Remuneration Committee comprises Shri K.Thanu Pillai, Shri O.Swaminatha Reddy and Ms.S.Sahithi as members. All recommendations made by the Nomination & Remuneration Committee were accepted by the Board.

Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2015-16 has been enclosed in the prescribed format, AOC-2 with this report as Annexure-3.

Code of Conduct

The Board of Directors has approved a code of conduct of the Board Members, Key Managerial Personnel & Senior Management Employees. The code lays down the standard procedure of business conduct which is expected to be followed. All Board Members, Key Managerial Personnel and Senior Management have confirmed compliance with the code. All staff were given appropriate training in this regard.

Vigil Mechanism:

The Vigil (Whistle Blower) Mechanism intends to provide a platform to the Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

The mechanism provides for adequate safeguards against victimization of Directors and provide for direct access to the Chairman of the Audit Committee in exceptional cases.

Risk Management

The Board has approved risk management policy in which all risk that the organisation faces such as strategic, financial, market, legal , regulatory and other risks has been identified and assessed and has ensured and there is an adequate compliance system in place to address those risks.

Auditors and Auditors' Report

Statutory Auditor

M/s.T.D.Jain & D I Sakaria, Chartered Accountants, the previous auditors of the company resigned with effect from 27th August 2015 due to their other pre-occupations. In the casual vacancy caused by the said resignation, M/s.Deloitte Haskins & Sells, Chartered Accountants (F.R.No.008072S) were appointed as auditors by the Board at their meeting held on 16th September 2015. The said appointment was later approved by the shareholders at their EGM held on 9th December 2015. In accordance with Section 139 (8) (i) of the Companies Act 2013, the new auditors will be holding their office till the conclusion of the ensuing AGM. It is now proposed to re-appoint them for a fresh period of 5 years at the ensuing AGM. The Auditors have given their consent for the said re-appointment. A suitable resolution has been included in the notice of the meeting for the approval of the members.

The Auditor's report does not contain any qualification, reservation or adverse remark. The notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments.

Cost Auditors

M/s.GNV & Associates, Cost Auditors of the company have been appointed as Cost Auditors of the company for the year ending 31st March 2017. A resolution seeking members ratification of the remuneration payable to the Cost Auditors has been included in the notice of the AGM. The reports submitted by the Cost Auditors are filed with the appropriate authorities within the prescribed time.

Secretarial Auditors

The Board had appointed M/s B S S & Associates, Company Secretaries to conduct Secretarial Audit for the financial year 2015-16 and the Secretarial Audit Report submitted by them is given in the Annexure-5 to this report. Regarding the observations made by the Secretarial Auditors on the convening of the two board meetings on January 05, 2016 and March 18, 2016 on a short notice as the said observations are self-explanatory, your Board has no further comments thereon.

Extract of Annual Return

Extract of Annual Return of the Company is given as Annexure-5 to this report.

Subsidiaries, Joint Ventures or Associate Companies

While the company has a holding company (Sagar Cements Limited), it does not have any subsidiary, associate companies or joint ventures.

Particulars of Employees and related disclosures

In terms of Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there are no employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Human resource development and Industrial Relations

Your Company continues to enjoy cordial relationship with all its personnel at its Plant, Office and on the field.

Your company is organizing training programmes wherever required for the employees concerned. Employees are also encouraged to participate in the seminars organized by the external agencies related to the areas of their operations.

Your company continues to focus on attracting and retaining competent personnel and providing a holistic environment where they get opportunities to realize their full potential. Your company is committed to providing all of its employees with an healthy and safe work environment.

Sexual Harassment

Regarding the Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013, the company has not received or disposed off any complaints during the year under the above Act.

General

Your Directors state that no disclosures or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. Neither Managing Director nor the whole time director of the Company draws any remuneration or commission from any of its subsidiaries.
4. No Material changes and commitments, has occurred affecting the financial position of the company between the end of the financial year of the company to which the financial statements relate and the date of the report.
5. No significant and material orders has been passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Directors' Responsibility Statement

Your Directors state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Acknowledgements

Your Directors would like to express their sincere appreciation for the co-operation received from the Holding Company, Government authorities, banks, financial institutions, customers, suppliers and members during the period under review. Your Director also wish to place on record their deep sense of appreciation for the services of all employees.

For and on behalf of the Board of Directors of
BMM Cements Ltd

Place: Hyderabad
Date: 27-07-2016

Chairman

Policy for Selection of Directors and determining Director's independence

1. Introduction

- 1.1 BMM Cements Limited (the "Company" or "BMMCL") believes that an enlightened board of Directors ("Board") consciously creates a culture of leadership to provide a long term vision and policy approach to improve the quality of governance. Towards this, BMMCL ensures constitution of a Board with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.
- 1.2 BMMCL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. BMMCL aims to have an optimum combination of executive Directors, non-executive Directors and Independent Directors.

2. Scope and Purpose:

- 2.1. This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as Independent Directors of the Company.

3. Terms and References:

Unless defined elsewhere in this Policy, the following terms shall have the following meanings:

- 3.1. **"Director"** means a director appointed to the Board of the Company.
- 3.2. **"Nomination and Remuneration Committee"** means the committee constituted by BMMCL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.
- 3.3. **"Independent Director"** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.

4. Policy:

4.1. QUALIFICATIONS AND CRITERIA

The Nomination and Remuneration Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.

In evaluating the suitability of individual Board members, the Nomination and Remuneration Committee shall take into account many factors, including the following:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background;
- Standing in the profession;
- Personal and professional ethics, integrity and values; and
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

The proposed appointee shall also fulfill the following requirements:

- Shall possess a director's identification number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavor to attend all Board meetings and wherever he is appointed as a Board committee ("Committee") member, the Committee meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and senior management personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreement and other relevant laws.

The Nomination and Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2. **CRITERIA OF INDEPENDENCE**

The Nomination and Remuneration Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence, as laid down in Companies Act, 2013 is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director –

- means a director other than a managing director or a whole-time director or a nominee director,—
- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives—
- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
- (j) who possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

The Independent Directors shall abide by the “Code for Independent Directors” as specified in Schedule IV to the Companies Act, 2013.

4.3. **OTHER DIRECTORSHIPS / COMMITTEE MEMBERSHIPS**

4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. The Nomination and Remuneration Committee shall take into account the nature of, and the time involved in a Director’s service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

4.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be public limited companies.

Remuneration Policy for Directors, Key Managerial Personnel and other Employees

1. Executive Remuneration Policy

The remuneration policy of the Directors has been designed to keep pace with the business environment and market linked positioning. The Remuneration & Nomination Committee determines and recommends to the Board the compensation payable to Directors. Remuneration for the Executive Directors linked to the long term vision, medium term goals and annual business plan.

The company had set-up a Remuneration Committee in 2010 to review and recommend the quantum and payment of annual salary and commission and finalize service agreements and other employment conditions of the Executive Directors. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages for Directors. Further as per the guidelines of Companies Act 2013, the committee has been renamed as the Nomination and Remuneration Committee.

As on date, the Committee has 3 members: Shri O.Swaminatha Reddy, Chairman of the Committee, Shri K.Thanu Pillai and Shri V.H.Ramakrishnan (Non-Executive & Independent Directors) are the Members of the Committee, Shri R.Soundararajan, Company Secretary, acts as the Secretary of the Committee.

2. Key Definitions

- “Board of Directors” or “Board”, in relation to a company, means the collective body of the Directors of the company;
- The expression “senior management” means personnel of the company who are members of its core management team other than the Board of Directors. It comprises of all members of the management who are one level below the Executive Directors and include the Functional Heads.
- “Key managerial personnel”, in relation to a company, means—
 - i. the Chief Executive Officer or the Managing Director or the Manager;
 - ii. the Company Secretary;
 - iii. the Whole-time Director;
 - iv. the Chief Financial Officer; and
 - v. such other officers as may be prescribed;

- BMM Cements Limited had the following individuals as directors as on date::

A. Board of Directors

Shri S.Veera Reddy
Dr.S.Anand Reddy
Shri S.Sreekanth Reddy
Ms.S.Sahithi
Shri.O.Swaminatha Reddy
Shri.K.Thanu Pillai
Shri.V.H.Ramakrishnan

B. Independent Directors

As per the guidelines of Companies Act, 2013, an Independent Director means a Non-Executive Director who:

- means a director other than a managing director or a whole-time director or a nominee director,—
- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who neither himself nor any of his relatives—
- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
 - (v) who possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- As on March 31, 2016, the company's Board comprised of 7 (Seven) Directors. Of 7 (Seven) Directors, 1 (One) Director is Managing Director, 1 (One) Director is a Whole Time Director, 2 (two) are Non-Executive and 3 (Three) are Non- Executive and Independent Directors.

C. Key Managerial Personnel

- i. Managing Director
- ii. Chief Financial Officer
- iii. Company Secretary
- iv.

3. The Nomination & Remuneration Committee Terms of Reference.

Refer to the document on 'Nomination & Remuneration Committee (N&RC) Terms of reference issued separately.

4. Key Principles of the Remuneration Policy

While designing compensation for Directors, Key managerial personnel, senior management and other employees, the following set of principles act as guiding factors:

1. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders;
2. Minimize complexity and ensure transparency;
3. Link to long term strategy as well as annual business performance of the company;
4. Promotes a culture of meritocracy and is linked to key performance and business drivers;
5. Reflective of line expertise, market competitiveness so as to attract the best talent.

5. Remuneration paid to Executive Directors

- The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to the clause 178, 197 and Section V of the Companies Act 2013.

5.1.1 Remuneration Policy Structure

The remuneration structure for the Executive Directors would include the following components:

5.1.2 Basic Salary

- Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market are reviewed annually
- Will be subject to an annual increase as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors.

5.1.3 Perquisites and Allowances

A basket of Perquisites and Allowances would also form a part of the remuneration structure.

5.1.4 Contribution to Provident and Other funds

In addition to the above, the remuneration would also include:

- Contribution to Provident and Superannuation Funds
- Gratuity

5.1.5 Minimum Remuneration

If in any financial year during the tenure of the Executive Directors, the company has no profits or its profits are inadequate, they shall be entitled to minimum remuneration and perquisites not exceeding the limits specified Schedule V of the Companies Act, 2013.

6. Remuneration payable to Non-Executive & Independent Directors

The Non-Executive & Independent Directors of the company would be paid sitting fees as decided by the Board from time to time for attending board meeting/committee meetings thereof. The amount of sitting fees will be as per the provisions of Companies Act, 2013.

7. Remuneration payable to Non-Executive Directors

The Remuneration to the Non-Executive Directors would be as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors. It would be pursuant to the provisions of sections 197,198 of the Companies Act 2013.

8. Remuneration Philosophy for Key managerial personnel, senior management & staff

The compensation for the Key managerial personnel, senior management and staff at BMM Cements Limited would be guided by the external competitiveness and internal parity.

Internally, performance ratings of all Employees would be spread across a normal distribution curve. The rating obtained by an employee will be used as an input to determine Pay increase. Pay increases will be calculated using a combination of individual performance and organizational performance.

Compensation can also be determined based on identified skill sets critical to success of the Company. It is determined as per management's review of market demand and supply.

8.1 Grade Structure

Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in our organization. Individual remuneration is determined within the appropriate grade and is based on following:

- a) An individual's experience, skill, competencies and knowledge relevant to the job; and
- b) An individual's performance and potential contribution to the company.

8.2 Workmen Compensation

Workmen are paid wages as per best industry practice and applicable laws. All remuneration components should be in accordance with applicable statutory compliances.

Annexure 3

Form No. AOC-2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered in to by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

BMM Cements Limited has not entered into any contract or arrangement or transaction with its related parties which is not in its ordinary course of business or at arm's length during financial year 2015-16.

2. Details of material contracts or arrangements or transactions at arm's length basis:

There were no material contracts or arrangements or transactions on related parties during the financial year 2015-16.

On behalf of the Board of Directors

Hyderabad
27th July, 2016

O.Swaminatha Reddy
Chairman

**Form No. MR-3
Secretarial Audit Report
For the Financial Year ended on March 31, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
BMM Cements Limited,
19/13, Old # 19/5, 19/6, 3rd Floor,
Western Side Kareem Towers,
S.R.T.Road (Cunningham Road),
Bangalore, Karnataka 560052.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ***BMM Cements Limited*** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on March 31, 2016 in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of BMM Cements Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not Applicable as none of the Securities of the Company are listed on any Stock Exchange(s);
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the audit period)**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company during the audit period)**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; **(Not applicable to the Company during the audit period)**

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the audit period)**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not applicable to the Company during the audit period)**
- 6) Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - 7) Employees State Insurance Act, 1948
 - 8) Employers Liability Act, 1938
 - 9) Environment Protection Act, 1986 and other environmental laws
 - 10) Equal Remuneration Act, 1976
 - 11) Factories Act, 1948
 - 12) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
 - 13) Maternity Benefits Act, 1961
 - 14) Minimum Wages Act, 1948
 - 15) Negotiable Instruments Act, 1881
 - 16) Payment of Bonus Act, 1965
 - 17) Payment of Gratuity Act, 1972
 - 18) Payment of Wages Act, 1936 and other applicable labour laws
 - 19) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
 - i. Cement Cess Rules, 1993;
 - ii. Cement (Quality Control) Order, 1995;
 - iii. Environmental (Protection) Act, 1986 Read with Environmental Protection Rules, 1986;
 - iv. The Hazardous Wastes (Managements Handling and Transboundry Movement) Rules, 2008;
 - v. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
 - vi. Water (Prevention & Control of Pollution) Cess Act, 1977;
 - vii. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;
 - viii. The Noise Pollution (Regulation And Control) Rules, 2000;
 - ix. Mines Act, 1952 and Rules issued thereunder;
 - x. Mines and Mineral (Regulation and Development) Act, 1957;
 - xi. The Electricity Act, 2003;
 - xii. National Tariff Policy;
 - xiii. Essential Commodities Act, 1955;
 - xiv. Explosives Act, 1884; and
 - xv. Indian Boilers Act, 1923.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreement - Not Applicable as none of the Securities of the Company are listed on any Stock Exchange(s) during the financial year ended 31.03.2016.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

We further report that that the compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same have been subject to review by internal auditors and other designated professionals.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. As per Section 149 (4), the Company was required to appoint two independent directors and the Company had only one Independent Director till August 27, 2015. However with the change of management in August, 2015, adequate number of Independent Directors were subsequently appointed in compliance with Section 149 of the Companies Act, 2013. As on March 31, 2016, the composition of the Board of the company was in compliance with the Companies Act, 2013. The other changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Except in case of the Board Meetings held on 05/01/2016 and 18/03/2016, which were called at a shorter notice to consider and transact some urgent matters, whereat all the Independent Directors of the Company were duly present; adequate notice was given to all directors to schedule the Board meetings and agenda with detailed notes thereon were sent to all the directors at least Seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period:

- i. The Company became a wholly owned subsidiary of M/s. Sagar Cements Limited.
- ii. The members in pursuance of section 180(1) (c) of the Companies Act, 2013 had approved the increase in the borrowing limits to the extent of Rs.1,200 Crores at the Extra-ordinary General Meeting held on 18/07/2015.
- iii. The Members of the Company had given their consent to the Board to mortgage / charge the properties of the company for securing the present and future borrowings as required under Section 180 (1) (a) at the Extra-ordinary General Meeting held on 18/07/2015.
- iv. The members had granted their approval to offer, issue and allot debentures up to an amount of Rs.500 Crore (Rupees Five Hundred Crore only) at the Extra-ordinary General Meeting held on 18/07/2015.

*For B S S & Associates
Company Secretaries*

*S.Srikanth
Partner*

*ACS No.: 22119
C P No.: 7999*

*Place: Hyderabad
Date: 15-07-2016*

This Report is to be read with our letter of even date which is annexed as *Annexure A* and Forms an integral part of this report.

To

The Members,
BMM Cements Limited,
19/13, Old # 19/5, 19/6, 3rd Floor,
Western Side Kareem Towers,
S.R.T.Road, (Cunningham Road)
Bangalore, Karnataka 560052.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

***For B S S & Associates
Company Secretaries***

***S.Srikanth
Partner***

***ACS No.: 22119
C P No.: 7999***

***Place: Hyderabad
Date: 15-07-2016***

Form No. MGT -9

Extract of Annual Return as on the financial year ended March 31, 2016

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I Registration and other details:

i)	CIN	U40300KA2007PLC043746
ii)	Registration Date	30 th August, 2007
iii)	Name of the Company	BMM Cements Limited
iv)	Category/Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company.
v)	Address of the registered office and contact details	No19/13, Old No.19/5, 19/6 3 rd floor, Western Side, Karim Towers, SRT Road, (Cunningham Road), Bangalore-560 052. Ph: 080-41157020 Email: info@bmmcements.in
vi)	Whether listed Company	No
vii)	Name , address and contact details of Registrar and Transfer Agent, if any	Karvy Computershare (P) Limited Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District Hyderabad - 500032 Tel : 040-67162222 Fax : 040-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001 Website: karvycomputershare.com

II Principal Business Activities of the Company:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products /services	NIC Code of the product /service	% of total turnover of the Company
I	Cement	3242	81%
II	Power	35102	19%

III Particulars of Holding, Subsidiary and Associate Companies:

Sl. No	Name and Address of the Company	CIN/GLN	% of Shares held	Applicable Section
I	Sagar Cements Limited	L26942TG1981PLC002887	100%	2 (46)

IV Share Holding Pattern (Equity Share Capital Break up as percentage of Total Equity)

(i) Category-wise shareholding

Category of Shareholders Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian/HUF									
a)Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d)Bodies Corporate	10,20,52,705	Nil	10,20,52,705	98.30%	10,38,12,925	Nil	10,38,12,925	100%	1.70%
e)Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f)Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB-TOTAL (A) (1)	10,20,52,705	Nil	10,20,52,705	98.30%	10,38,12,925	Nil	10,38,12,925	100%	1.70%
(2) Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a)NRIs Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)Other-Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d)Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e)Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB-TOTAL (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL SHAREHOLDING OF	10,20,52,705	Nil	10,20,52,705	98.30%	10,38,12,925	Nil	10,38,12,925	100%	1.70%
B. Public Shareholding									
1. Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a)Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govts.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e)Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f)Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g)FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h)Foreign Venture Capital Finds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i)Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB-TOTAL (B) (1)									
2.Non-Institutions									
a)Bodies Corporate									
i)Indian	17,50,000*	Nil	17,50,000	1.69%	Nil	Nil	Nil	Nil	-1.69%
ii)Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)Individuals									
i)Individual shareholders holding	10,220	Nil	10,220	0.01%	Nil	Nil	Nil	Nil	-0.01%
ii)Individual shareholders holding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB-TOTAL (B) (2)	17,60,220	Nil	17,60,220	1.70%	Nil	Nil	Nil	Nil	Nil
TOTAL SHAREHOLDING OF PUBLIC	17,60,220	Nil	17,60,220	1.70%	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total	10,38,12,925	Nil	10,38,12,925	100%	10,38,12,925	Nil	10,38,12,925	100%	0.0%

* Private Placement of Shares

ii) Shareholding of Promoters

Shareholders Name	No. of Shares held at the beginning of the year (As on 01-04-2015)			No. of Shares held at the end of the year (As on 31-03-2016)			
	No. of shares	% of total shares of the Company	% of Shares Pledged/encumbered	No. of shares	% of total Shares of the Company	% of Shares Pledged/encumbered	% Change in shareholding during the year
Singhi Holdings Private Limited	10,20,52,705	98.30%	100%	Nil	Nil	Nil	-100
Sagar Cements Limited	Nil	Nil	Nil	10,38,12,925	100	100%	100

iii) Change in Shareholding of Promoters

	Shareholding at the beginning of the year (As on 01-04-2015)		Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
	No. of shares	% of total shares of the Company	No. of shares	% Change during the year
At the beginning of the year	10,20,52,705	98.30	Nil	0
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	10,20,52,705	98.30	10,38,12,925	100
At the end of the year	10,20,52,705	98.30	10,38,12,925	100

Transfer during the Year

iv) Shareholding pattern of top ten-shareholders (Other than Directors, promoters and Holders of GDRs and ADRs - Nil.

v) Shareholding of Directors and Key Managerial personnel - Nil

V Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs.in Lakhs

	Secured Loan excluding deposits	Unsecured Loan	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	19860.03	23065.52	-	42925.55
ii. Interest due but not paid	-	-	-	-
Interest accrued but not due	15.14	-	-	15.14
Total (i+ii+iii)	19875.17	23065.52	-	42940.69
Change in Indebtedness during the financial year				
Addition	17500.00	4982.00	335.57	22817.57
Reduction	13703.69	5575.14	-	19278.83
Net Change	3796.31	(593.14)	335.57	3538.74
Indebtedness at the end of the financial year				
i. Principal Amount	23916.32	22472.38	335.57	46724.27
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	175.00	2202.64	-	2377.64
Total (i+ii+iii)	24091.32	24675.02	335.57	49101.91

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time director and/or Manager

Rs.in Lakhs

Particulars	Managing Director	Whole-time Directors
Gross Salary		
a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	5.45
(b) Value of perquisites u/s17(2) Income-tax Act, 1961	Nil	-
c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	-
Stock Option	Nil	-
Sweat Equity	Nil	-
Commission as % of profit- others, specify	Nil	-
Others, please specify	Nil	-
Total (A)	Nil	5.45
Ceiling as per the Act	Nil	

B. Remuneration to other directors

Particulars of Remuneration	Name of the Director			Total
	Sri O.Swaminatha Reddy	Sri K.Thanu Pillai	Sri VH Ramakrishnan	
1. Independent Director				
Fee for attending Board/Committee meetings	1,10,000	1,00,000	1,00,000	3,10,000
Commission	-	-	-	-
Others	-	-	-	-
Total (1)	1,10,000	1,00,000	1,00,000	3,10,000
2.Non-Executive Director	Ms.Sahithi (up to 18.3.16)			Total
Fee for attending Board/Committee meetings	50,000			50,000
Commission	-			-
Others	-			-
Total (2)	50,000-	-	-	50,000
Total (B) (1+2)	1,60,000	1,00,000	1,00,000	3,60,000
Total Managerial Remuneration ^	-			
Overall Ceiling as per the Act	-			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Particulars	Mr. K.Prasad	Mr.R.Soundararajan
Gross Salary	Nil	Nil
a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil
(b) Value of perquisites u/s17(2) Income-tax Act, 1961	Nil	Nil
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
Stock Option	Nil	Nil
Sweat Equity	Nil	Nil
Commission as % of profit- others, specify.	Nil	Nil
Others: Medical	Nil	Nil
Cars	Nil	Nil
Total (A)	Nil	Nil
Ceiling as per the Act	Nil	Nil

VII Penalties/Punishment/Compounding of Offences:

There were no penalties, punishments or compounding of offences during the year ended March 31, 2016.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BMM CEMENTS LIMITED Report on the Financial Statements

We have audited the accompanying financial statements of **BMM CEMENTS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

Deloitte Haskins & Sells

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.


Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2106 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)


Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, May 26, 2016

Deloitte Haskins & Sells

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of **BMM CEMENTS LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' Responsibility

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

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

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



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Meaning of Internal Financial Controls Over Financial Reporting

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


Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)


Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, May 26, 2016

Deloitte

Haskins & Sells

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits, and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) Except for certain delays in payment of tax deducted at source, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

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- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ lakhs)	Amount Unpaid (₹ lakhs)
Sales Tax and VAT Laws	Sales tax and VAT	High Court of Telangana and Andhra Pradesh	2008-09 to 2010-11	79.48	79.48
Customs Act, 1962	Customs duty	Commissioner (Appeals)	2012-13	104.64	104.64

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders, except as under:


Particulars	Amount of default of repayment (₹ lakhs)		Period of default (in days)
	Instalment	Interest	
Bank of India	-	188.77	1 to 30
	225.00	137.24	31 to 60
	825.34	115.22	61 to 90
	150.00	-	121 to 180
	150.00	-	181 to 360
Corporation Bank	170.00	105.55	1 to 30
	-	37.73	31 to 60
	396.55	17.33	61 to 90
State Bank of Hyderabad	-	394.04	1 to 30
	620.00	209.87	31 to 60
	1,860.00	-	61 to 90
Karnataka Bank	100.00	64.12	1 to 30
	-	21.29	31 to 60
	300.00	22.29	61 to 90
Union Bank of India	-	246.51	1 to 30
	375.00	95.05	31 to 60
	1,125.00	101.96	61 to 90

The Company has not taken any loans or borrowings from financial institutions and government.

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- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided managerial remuneration during the year and hence reporting under clause (xi) of the CARO 2016 is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)


Ganesh Balakrishnan
Partner
(Membership No. 201193)

SECUNDERABAD, May 26, 2016

BMM CEMENTS LIMITED
Balance sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	10,381.29	10,381.29
(b) Reserves and surplus	2.2	(10,077.72)	(7,461.08)
		303.57	2,920.21
Non-current liabilities			
(a) Long-term borrowings	2.3	36,170.00	11,524.44
(b) Other-long term liabilities	2.4	625.95	23,065.52
(c) Long-term provisions	2.5	25.54	25.43
		36,821.49	34,615.39
Current liabilities			
(a) Short-term borrowings	2.6	1,786.32	1,526.36
(b) Trade payables	2.7	-	-
(i) Dues to micro enterprises and small enterprises		-	-
(ii) Dues to creditors other than micro enterprises and small enterprises		4,156.11	2,172.62
(c) Other current liabilities	2.8	11,695.06	7,893.18
(d) Short-term provisions	2.9	40.67	29.37
		17,678.16	11,621.53
		54,803.22	49,157.13
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.10	44,390.71	43,931.81
(ii) Intangible assets	2.10	27.22	34.72
(iii) Capital work-in-progress		221.76	18.92
(b) Deferred tax asset	2.11	2,112.56	2,319.12
(c) Long-term loans and advances	2.12	496.21	478.97
		47,248.46	46,783.54
Current Assets			
(a) Inventories	2.13	2,482.59	366.51
(b) Trade receivables	2.14	3,520.26	1,072.09
(c) Cash and bank balances	2.15	280.64	35.82
(d) Short-term loans and advances	2.16	785.05	130.32
(e) Other current assets	2.17	486.22	768.85
		7,554.76	2,373.59
		54,803.22	49,157.13
TOTAL			
Corporate information and significant accounting policies See accompanying notes forming part of the financial statements			
	1 & 2		

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

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner



S. Veera Reddy
Managing Director

S. Sahithi
Executive Director

K. Prasad
Chief Financial Officer

R. Soundarajan
Company Secretary

Place: Secunderabad
Date: May 26, 2016

Place: Hyderabad
Date: May 26, 2016



BMM CEMENTS LIMITED

Statement of Profit and Loss for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
REVENUE			
Revenue from operations (gross)			
Sale of cement		19,750.12	6,827.63
Sale of power		4,635.92	3,582.98
		24,386.04	10,410.61
Less : Excise Duty		2,908.44	1,023.85
Revenue from operations (Net)		21,477.60	9,386.76
Other operating income	2.18	228.36	779.29
Income from operations		21,705.96	10,166.05
Other income	2.19	1,136.32	1,431.90
Total Revenue		22,842.28	11,597.95
Expenses			
(a) Cost of materials consumed	2.20	3,171.98	1,186.44
(b) Change in inventories of finished goods and work-in-progress	2.21	(600.89)	299.31
(c) Manufacturing expenses	2.22	10,644.10	7,110.70
(d) Employee benefits expense	2.23	506.44	876.52
(e) Finance costs	2.24	5,429.81	3,574.35
(f) Depreciation and amortisation expense	2.10	1,735.09	1,726.78
(g) Other expenses	2.25	4,394.53	1,943.77
		(28.71)	(7.70)
Less : Captive consumption of cement [net of excise duty ₹ 24.78 lakhs (Year ended March 31, 2015: ₹ 6.75 lakhs)]			
Total Expenses		25,252.35	16,710.17
Loss before exceptional item and tax		(2,410.07)	(5,112.22)
Exceptional item	2.39	-	5,787.08
Profit / (Loss) before tax		(2,410.07)	674.86
Tax expense:			
Deferred tax		206.57	3,200.89
Net tax expense		206.57	3,200.89
Loss for the year		(2,616.64)	(2,526.03)
Earnings per share	2.36		
Basic and diluted earnings per share of ₹ 10 each		(2.52)	(2.43)
Corporate information and significant accounting policies See accompanying notes forming part of the financial statements	1 & 2		

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

Ganesh Balakrishnan
Partner



For and on behalf of the Board of Directors

S. Veera Reddy
S. Veera Reddy
Managing Director

S. Sahithi
S. Sahithi
Executive Director

K. Prasad
K. Prasad
Chief Financial Officer

R. Soundarajan
R. Soundarajan
Company Secretary

Place: Secunderabad
Date: May 26, 2016

Place: Hyderabad
Date: May 26, 2016



BMM Cements Limited
Cash Flow Statement for the year ended March 31, 2016

(₹ in lakhs)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
A. Cash flow from operating activities				
Profit / (Loss) before tax		(2,410.07)		674.86
<i>Adjustments for:</i>				
Depreciation and amortisation expense	1,735.09		1,726.78	
Profit on sale of fixed assets	(1,101.94)		-	
Finance costs	5,429.81		3,574.35	
Interest income	(33.91)		(36.32)	
Operating profit / (loss) before working capital changes		6,029.05		5,464.81
<i>Changes in working capital:</i>		3,618.98		5,939.67
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(2,116.08)		1,162.53	
Trade receivables	(2,448.17)		254.97	
Short-term loans and advances	(654.73)		(662.38)	
Other current assets	314.21		0.20	
Long-term loans and advances	20.38	(4,884.39)	-	755.32
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	1,983.49		(436.71)	
Other current liabilities	106.60		(325.55)	
Other long-term liabilities	335.57		(949.32)	
Short-term provisions	11.30		(1.26)	
Long-term provisions	0.11	2,437.07	(12.18)	(1,725.02)
Cash generated from operations		1,171.66		4,969.97
Net income tax (paid) / refunds		(3.80)		-
Net cash flow from operating activities (A)		1,167.86		4,969.97
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances		(2,510.55)		(6,040.98)
Proceeds from sale of fixed assets		1,189.35		-
Interest received		2.33		36.32
Net cash flow used in investing activities (B)		(1,318.87)		(6,004.66)
C. Cash flow from financing activities				
Proceeds from issue of debentures		15,000.00		-
Proceeds from issue of equity shares		-		350.00
Proceeds from long-term borrowings		2,500.00		4,155.20
Repayment of long-term borrowings		(29,939.79)		-
Loan from holding company		15,642.96		-
Repayment of short-term borrowings (net)		259.96		-
Finance costs		(3,067.30)		(3,574.35)
Net cash flow from financing activities (C)		395.83		930.85
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		244.82		(103.84)
Cash and cash equivalents at the beginning of the year		35.82		139.66
Cash and cash equivalents at the end of the year		280.64		35.82
Cash and cash equivalents at the end of the year		280.64		35.82

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



Ganesh Balakrishnan
Partner

For and on behalf of the Board of Directors

S. Veera Reddy
S. Veera Reddy
Managing Director

S. Sahithi
S. Sahithi
Executive Director

K. Prasad
K. Prasad
Chief Financial Officer

R. Sundarajan
R. Sundarajan
Company Secretary

Place: Secunderabad
Date: May 26, 2016

Place: Hyderabad
Date: May 26, 2016



1. Corporate Information

BMM Cements Limited ("the Company") was incorporated under the Companies Act, 1956 as a public limited company on August 30, 2007. The company is engaged in the business of manufacture and sale of cement and generation and sale of power.

2. Significant accounting policies

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) 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. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

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

Raw materials	Weighted average method
Stores and spares and packing materials	Weighted average method
Work-in-process and finished goods (manufactured)	Weighted average method and including an appropriate share of applicable overheads.
	Excise duty is included in the value of finished goods

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

Cash comprises cash on hand 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.

e) Cash Flow Statement

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

f) Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on straight line basis as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets,



BMM CEMENTS LIMITED

Notes forming part of the Financial Statements

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:

Electrical Equipment's (Plant & Machinery) - 15 years

The estimated useful life of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

The company follows the process of componentization for fixed assets w.e.f. 01.04.2015 as per the requirement of the Act. Accordingly, the company has identified a part of an asset as a separate component in whole asset value (beyond certain value) and useful life of the part is different from the useful life of the remaining asset. The useful life has been assessed based on technical advice, taking into account the nature of the asset / component of an asset, the estimated usage of the asset / component of an asset on the basis of management's best estimation of getting economic benefits from those class of assets / components of an asset. The Company uses its technical expertise along with historical and industry trends for arriving the economic life of an asset/component of an asset.

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

g) Expenditure during construction period:

Expenditure/ Income, during construction period (including financing cost relating to borrowed funds for construction or acquisition of qualifying fixed assets) is included under Capital Work-in-Progress, and the same is allocated to the respective fixed assets on the completion of their construction. Advances given towards acquisition or construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under "Long-term loans and advances".

h) Revenue recognition

Sale of goods:

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales excludes sales tax, value added tax and excise duty. Sales excludes self-consumption of finished goods.

Generation of power:

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

i) Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

j) Government Grants and Subsidies:

a) Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached thereto and that the grants will be received.

b) Revenue Government Grants or Subsidies received have been credited to the statement of profit or loss.

k) Fixed assets

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets 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 interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal



item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

l) Foreign currency transactions and translations

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

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

m) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

n) Employee benefits

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

Defined Contribution Plans:

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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.

o) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

p) Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated



regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities.

q) 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.

r) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

s) Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.



The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

t) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

u) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

v) Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

w) Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



BMM CEMENTS LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

Note	Particulars	As at March 31, 2016		As at March 31, 2015		
		No of shares	₹ in Lakhs	No of shares	₹ in Lakhs	
2.1	Share Capital					
	Authorised					
	Equity shares of ₹ 10 each	132,000,000	13,200.00	132,000,000	13,200.00	
	Total		13,200.00		13,200.00	
	Issued, Subscribed and Paid-up					
	Equity shares ₹ 10 each	103,812,925	10,381.29	103,812,925	10,381.29	
	Total		10,381.29		10,381.29	
	(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:					
		Particulars	As at March 31, 2016		As at March 31, 2015	
			No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
	Opening Balance	103,812,925	10,381.29	102,062,925	10,206.29	
	Shares issued during the year	-	-	1,750,000	175.00	
	Closing Balance	103,812,925	10,381.29	103,812,925	10,381.29	
(b) Rights, preferences and restrictions attached to the equity shares:						
<p>The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.</p>						
(c) Shares held by the holding company						
	Name of the shareholder	As at March 31, 2016		As at March 31, 2015		
		No. of Shares	% Holding	No. of Shares	% Holding	
	1. Singhi Holding Private Limited	-	-	102,052,705	98.30%	
	2. Sagar Cements Limited (Refer Note 2.38)	103,812,925	100.00%	-	-	
(₹ in Lakhs)						
	Particulars	As at March 31, 2016		As at March 31, 2015		
2.2	Reserves and surplus					
	(a) Securities premium account					
	Opening balance		7,381.29		7,206.29	
	Add: Premium on issue of equity shares		-		175.00	
	Closing balance		7,381.29		7,381.29	
	(b) Statement of Profit and Loss					
	Opening balance		(14,842.37)		(12,316.34)	
	Add: Loss for the year		(2,616.64)		(2,526.03)	
	Closing balance		(17,459.01)		(14,842.37)	
	Total		(10,077.72)		(7,461.08)	



BMM CEMENTS LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016	As at March 31, 2015
2.3	Long-term borrowings*		
	Secured		
	Debentures		
	1500 11.6 % Non convertible debentures of ₹ 1,000,000 each (refer note (ii) below)	15,000.00	-
	Term loans (Refer Note (i) below)		
	From banks	3,970.00	11,524.44
	Unsecured		
	Loan from holding company (Refer Note 2.34)	17,200.00	-
		36,170.00	11,524.44
		* Current maturities of long-term borrowings have been disclosed under the head Other current liabilities. (Refer Note 2.8)	
Note:			
(i) Lender-wise breakup of loan:			
	State Bank of Hyderabad (Refer Note a)	3,780.00	6,877.03
	Corporation Bank (Refer Note b)	850.00	1,586.55
	Yes Bank Limited (Refer Note c)	2,500.00	-
	Bank of India (Refer Note d)	-	4,563.02
	Union Bank of India (Refer Note d)	-	4,311.66
	Karnataka Bank (Refer Note e)	-	995.41
	Less: Current maturity of long-term debt	(3,160.00)	(6,809.23)
		3,970.00	11,524.44

a)(i) State bank of Hyderabad has sanctioned term loan during the year 2008-09. The Loan is repayable in 20 quarterly instalments of ₹ 450 lakhs each. As on March 31, 2016, 15 installments have been paid and 5 instalments are outstanding. Rate of interest as on March 31, 2016 is 12.75%. The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery, Mining equipment owned by or belonging to the Company both present and future.

(ii) State bank of Hyderabad has sanctioned term loan during the year 2012-13. The Loan is repayable in 20 quarterly instalments of ₹ 170 lakhs each. As on March 31, 2016, 11 instalments have been paid and 9 instalments are outstanding. Rate of interest as on March 31, 2016 is 12.75%. The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery, Mining equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the Company on pari-passu basis with the working capital lenders to the Company.

b) Corporation Bank has sanctioned term loan of ₹ 4,000 lakhs during the year 2008-09. The Loan is repayable in 20 quarterly instalments of ₹ 200 lakhs each. As on March 31, 2016, 15 installments have been paid and 5 instalments are outstanding. Rate of interest as on March 31, 2016 is 16.00%. The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery and other moveable assets owned by or belonging to the Company both present and future.

c) Yes Bank Limited has sanctioned term loan of ₹ 5,000 lakhs during the year 2015-16. As on March 31, 2016 ₹ 2,500 lakhs is drawn. The loan principal amount repayable in 32 quarterly structured instalment from January 2018, initial 16 instalments are payable at ₹ 125 lakhs and balance 16 instalment are payable at ₹ 187.50 lakhs. Rate of Interest as on March 31, 2016 is 12.35% The term loan from the bank is secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery, 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, Director and Shri S. Sreekanth Reddy, Director. An unconditional and irrevocable corporate guarantee is given by Sagar Cements Limited and first pari-passu charge on pledge of shares of BMM Cements Limited held by SCL subject to the RBI guidelines.

d) The Company has been sanctioned a consortium loan of ₹ 9,400 lakhs during the financial year 2012-13 for setting up 25MW Thermal Power plant at Gudipadu village, Yadiki Mandal, Ananthapur District, Andhra Pradesh and carries interest rate of 12.5% to 13.2%. The loan is repayable in 20 quarterly instalments of ₹ 470 lakhs along with the interest for the period and all the instalments have been paid as at March 31, 2016 for loan amounting to ₹ 6,000 lakhs and 9 instalments are payable for loan amounting to ₹ 3,400 lakhs. The loan is secured by first pari-passu charge on all moveable fixed assets both present and future and second charge on the entire current assets of the Company.

e) The Company has been sanctioned consortium term loan of ₹ 23,400 lakhs during the financials year 2008-09 for setting up OMTPA green field cement plant Gudipadu village, Yadiki Mandal, Ananthapur District, Andhra Pradesh and carries interest rate at 12% to 13.5%. The loan is repayable in 20 quarterly instalments of ₹ 1,170 lakhs along with the interest for the period and 10 instalments were due as at March 31, 2015 and the entire loan was repaid during the current year. The loan is secured by first pari-passu charge on project land of 200 acres and building.

(ii) 1,500 Non-Convertible Debentures (NCD) of ₹ 10 lakh each aggregating to ₹ 15,000 lakhs have been issued to International Finance Corporation at an interest of 11.60% p.a. The NCD's were issued on 23rd March 2016. Interest is payable at half yearly rest with effect from May 31, 2015. Repayment for the NCD's are to be made in 13 equal half yearly instalments of ₹ 1,153.85 lakhs starting from May 2019 onwards. The NCD's are secured by Pari-passu charge on the fixed assets i.e., Land, Buildings, Plant and machinery, 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, Director and Shri S. Sreekanth Reddy, Director. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's and also pledged its shares in the Company.



BMM CEMENTS LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016	As at March 31, 2015
2.4	Other long-term liabilities		
	Security deposits	335.57	-
	Unsecured Loan - Others	290.38	23,065.52
	Total	625.95	23,065.52
2.5	Long-term provisions		
	Provision for employee benefits - gratuity (Refer Note 2.32)	25.54	25.43
	Total	25.54	25.43
2.6	Short-term borrowings		
	Secured		
	Loans repayable on demand		
	Cash credit facilities	1,786.32	1,526.36
	Total	1,786.32	1,526.36
	Note: The Company has availed cash credit facilities from Banks and is secured against Stocks of raw materials, finished goods and trade receivables, stores and spares, present and future, and by second charge on fixed assets of the Company and are guaranteed by Dr. S. Anand Reddy, Director and S. Sreekanth Reddy, Director. The loans are repayable on demand and carries interest at the rate of 13.25% p.a.		
2.7	Trade payables		
	Due to micro, small and medium enterprises (Refer Note 2.27)	-	-
	Due to others	4,156.11	2,172.62
	Total	4,156.11	2,172.62
2.8	Other current liabilities		
	Current maturities of long-term borrowings (Refer Note 2.3):		
	Banks	3,160.00	6,809.23
	Loan from holding company (Refer Note 2.34)	4,982.00	-
	Interest accrued but not due on borrowings	2,377.64	15.14
	Advances from customers:		
	From holding company (Refer Note 2.34)	259.48	-
	From others	559.71	721.87
	Statutory remittances	356.23	346.94
	Total	11,695.06	7,893.18
2.9	Short-term provisions		
	Provision for employee benefits - compensated absences (Refer Note 2.32)	40.67	29.37
	Total	40.67	29.37



BMM CEMENTS LIMITED
Notes forming part of the Financial Statements for the year ended March 31, 2016

Description	Gross Block				Accumulated depreciation and amortization				Net Block	
	As at April 1, 2015	Additions	Deletions	As at March 31, 2016	As at April 1, 2015	For the year	Transaction adjustment recorded against Surplus balance in Statement of Profit and Loss	On deletions	As at March 31, 2016	As at March 31, 2015
A										
Tangible assets										
Land - Freehold	1,407.12	1,393.87	80.93	2,720.06	-	-	-	-	2,720.06	1,407.12
	(1,407.12)	-	-	(1,407.12)	-	-	-	-	(1,407.12)	-
Buildings	2,960.88	147.32	-	3,108.20	181.39	89.15	-	-	2,837.66	2,779.49
	(2,871.33)	(89.55)	-	(2,960.88)	(307.46)	(82.62)	(208.69)	-	(181.39)	-
Plant & Machinery	42,033.19	243.03	-	42,276.22	4,878.44	1,398.82	-	-	6,277.26	37,154.75
	(41,839.48)	(193.71)	-	(42,033.19)	(8,840.76)	(1,558.62)	(5,520.94)	-	(4,878.44)	-
Furniture and Fittings	20.93	31.67	-	52.60	4.73	2.89	-	-	7.62	16.20
	(20.93)	-	-	(20.93)	(9.62)	(2.15)	(7.04)	-	(4.73)	-
Office and Other Equipment	163.37	241.73	-	405.10	34.32	25.77	-	-	60.09	129.05
	(163.13)	(0.24)	-	(163.37)	(33.88)	(5.32)	(4.88)	-	(34.32)	-
Electrical installations	2,828.53	-	-	2,828.53	441.49	184.53	-	-	626.02	2,387.04
	(2,828.53)	-	-	(2,828.53)	(441.49)	-	-	-	(441.49)	-
Computers	108.68	49.58	-	158.26	61.74	21.95	-	-	83.69	74.57
	(108.68)	-	-	(108.68)	(59.54)	(35.86)	(33.66)	-	(61.74)	-
Vehicles	16.38	166.68	10.16	172.90	5.16	4.48	-	3.70	5.94	11.22
	(16.38)	-	-	(16.38)	(9.76)	(2.07)	(6.67)	-	(5.16)	-
Total (A)	49,539.08	2,273.88	91.09	51,721.87	5,607.27	1,727.59	-	3.70	7,331.16	43,931.81
	(49,255.58)	(283.50)	-	(49,539.08)	(9,702.51)	(1,686.64)	(5,781.88)	-	(5,607.27)	-
B										
Intangible assets										
Computer Software	132.39	-	-	132.39	97.67	7.50	-	-	105.17	34.72
	(132.39)	-	-	(132.39)	(62.74)	(40.14)	(5.21)	-	(97.67)	-
Total (B)	132.39	-	-	132.39	97.67	7.50	-	-	105.17	34.72
	(132.39)	-	-	(132.39)	(62.74)	(40.14)	(5.21)	-	(97.67)	-
Total (A+B)	49,671.47	2,273.88	91.09	51,854.26	5,704.94	1,735.09	-	3.70	7,436.33	43,966.53
	(49,387.97)	(283.50)	-	(49,671.47)	(9,765.25)	(1,726.78)	(5,787.09)	-	(5,704.94)	-

Note: Amounts in bracket represent previous year figures



BMM CEMENTS LIMITED

Notes forming part of the financial statements for the year ended March 31, 2016

(₹ in Lakhs)

Note	Particulars	As at March 31, 2016	As at March 31, 2015
2.11	Deferred tax asset (net)		
	Deferred tax assets (a)		
	On carry forward business loss and unabsorbed depreciation	8,121.13	7,848.03
	Disallowances under section 40(a)(i), 43B of the Income Tax Act, 1961	12.73	18.97
		8,133.86	7,867.00
	Deferred tax liabilities (b)		
	On difference between book balance and tax balance of fixed assets	6,021.30	5,547.88
	Total (a-b)	2,112.56	2,319.12
2.12	Long-term loans and advances (unsecured, considered good)		
	Capital advances	129.77	95.95
	Security deposits	350.27	370.65
	Advance income tax (Net of provision)	16.17	12.37
	Total	496.21	478.97
2.13	Inventories (At lower of cost and net realisable value)		
	(a) Raw materials	154.94	125.64
	(b) Coal	524.04	-
	Goods-in-transit	696.62	-
	(c) Work-in-progress	383.05	4.70
	(d) Stores and spares	346.75	175.22
	(e) Packing materials	107.10	13.40
	(f) Finished goods	270.09	47.55
	Total	2,482.59	366.51
2.14	Trade receivables		
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	Unsecured, considered good	129.16	25.41
		129.16	25.41
	Other trade receivables		
	Secured, considered good	40.44	1,046.68
	Unsecured, considered good	3,350.66	-
		3,391.10	1,046.68
	Total	3,520.26	1,072.09
2.15	Cash and bank balances		
	(a) Cash on hand	1.72	21.22
	(b) Balance with banks		
	(i) In Current accounts	40.67	6.94
	(ii) Deposits with banks	238.25	7.66
	Total	280.64	35.82
	Of the above, balances that meet the definition of cash and cash equivalents as per Accounting Standard 3 "Cash Flow Statement"	280.64	35.82
2.16	Short-term loans and advances		
	Advances to suppliers	482.15	42.83
	Advances to employees	2.03	2.33
	Security deposits	49.10	-
	Prepaid expenses	76.40	11.36
	Balances with government authorities	135.83	73.80
	Others	39.54	-
	Total	785.05	130.32
2.17	Other current assets		
	Incentives receivable from Government	454.37	768.58
	Interest accrued on deposits	31.85	0.27
	Total	486.22	768.85



BMM CEMENTS LIMITED

Notes forming part of the financial statements for the year ended March 31, 2016

(₹ in Lakhs)

Note	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
2.18	Other operating income		
	Sale of scrap	25.62	5.71
	Insurance claims	1.84	-
	Incentive from Government	200.90	768.58
	Others	-	5.00
	Total	228.36	779.29
2.19	Other Income		
	Interest income	33.91	36.32
	Profit on sale of assets	1,101.94	-
	Rent and other income received	0.47	15.04
	Provision no longer required written back	-	1,380.54
	Total	1,136.32	1,431.90
2.20	Cost of materials consumed		
	Opening stock	125.64	494.05
	Add: Purchases	3,201.28	818.03
	Less: Closing stock	154.94	125.64
	Total	3,171.98	1,186.44
	Details of Raw materials consumed		
	Limestone	2,299.34	926.55
	Laterite	288.00	38.39
	Iron-ore sludge	247.87	101.76
	Gypsum	269.03	87.18
	Fly Ash	67.74	32.56
	Total	3,171.98	1,186.44
2.21	Changes in inventories of finished goods and work in progress		
	Inventories at the end of the year		
	Work-in-progress	383.05	4.70
	Finished goods	270.09	47.55
		653.14	52.25
	Inventories at the beginning of the year		
	Work-in-progress	4.70	89.26
	Finished goods	47.55	262.30
		52.25	351.56
	Net (increase)/decrease in stocks	(600.89)	299.31
2.22	Manufacturing expenses		
	Coal consumed	8,020.96	5,784.29
	Power	351.19	658.12
	Packing material consumed	689.16	319.67
	Stores and spares consumed	782.66	287.60
	Repairs and Maintenance		
	Plant and Machinery	604.05	21.16
	Buildings	22.92	0.09
	Vehicles	0.41	-
	Others	172.75	39.77
	Total	10,644.10	7,110.70



BMM CEMENTS LIMITED

Notes forming part of the financial statements for the year ended March 31, 2016

(₹ in Lakhs)

Note	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
2.23	Employee benefits expense		
	Salaries and wages	410.92	831.90
	Contribution to provident fund and other funds	31.13	37.43
	Staff welfare expenses	64.39	7.19
	Total	506.44	876.52
2.24	Finance cost		
	Interest expense on borrowings	4,930.28	3,440.52
	Other borrowing costs	499.53	133.83
	Total	5,429.81	3,574.35
2.25	Other expenses		
	Freight and forwarding expenses	2,830.96	1,168.40
	Selling expenses	684.30	307.43
	Bad and doubtful debts written off	-	5.90
	Rent	22.41	47.73
	Insurance	35.80	36.89
	Rates and taxes	120.26	65.63
	Travelling and conveyance	63.87	73.58
	Security services	109.40	113.01
	Donations and contributions	1.09	-
	Legal and professional	445.10	43.58
	Payments to auditors - audit fee (Refer Note below)	10.50	3.50
	Administrative expenses	28.33	22.50
	Printing and stationery	3.20	3.09
	Communication	7.41	11.17
	Directors' sitting fees	3.80	1.40
	Increase / (decrease) of excise duty on inventory	16.13	-
	Miscellaneous expenses	11.97	39.96
	Total	4,394.53	1,943.77
	Note:		
	Payments to the auditors comprises:		
	For audit	10.50	1.00
	Tax audit fee	-	0.50
	For other services	-	2.00
	Total	10.50	3.50



2.26 Contingent Liabilities:

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

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Claims against the Company not acknowledged as debt – Disputed tax matters		
Indirect taxes	542.20	242.08

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

The Company has not received any intimation from 'Suppliers' and 'Service Providers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

2.28 The Company does not have any derivative instruments or unhedged foreign currency exposures as on the balance sheet date.

2.29 Details of imported and indigenous raw material and stores and spares consumption

(₹ in Lakhs)

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	% of Total Consumption	Amount	% of Total Consumption	Amount
Raw Materials				
Imported	1.87	59.33	100.00	1,186.44
Indigenous	98.13	3,112.65	-	-
Total	100.00	3,171.98	100.00	1,186.44
Spare Parts				
Imported	-	-	-	-
Indigenous	100.00	775.74	100.00	607.27
Total	100.00	775.74	100.00	607.27

2.30 Value of imports (on CIF basis)

(₹ in Lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Raw materials	54.16	-
Spare Parts	43.18	-
Traded goods and others	-	464.48
Total	97.34	464.48

2.31 Expenditure in foreign currency

(₹ in Lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Travelling and conveyance	0.03	-
Total	0.03	-



2.32 Employee benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan - provident fund

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated ₹ 27.30 lakhs (2014-15 - ₹ 34.38 lakhs).

(ii) Defined benefit plan - gratuity:

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

The following table sets out the Defined Benefit Plan - as per actuarial valuation as at March 31, 2016 and March 31, 2015:

a) Reconciliation of opening & closing balance of defined benefit obligation

(₹ in Lakhs)

Description	Year ended March 31, 2016	Year ended March 31, 2015
Defined benefit obligation at the beginning of the year	25.43	30.88
Current service cost	0.11	1.27
Interest cost	-	2.43
Actuarial (gain) / loss	-	(8.12)
Benefits paid	-	(1.03)
Defined benefit obligation at the year end	25.54	25.43

b) Expenses recognized during the year

(₹ in Lakhs)

Description	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	5.49	1.27
Past service cost	20.05	-
Interest cost	-	2.43
Actuarial (gain) / loss	-	(8.12)
Expense/Income recognized in the Statement of Profit and Loss	25.54	(4.42)

Actuarial assumptions

Particulars	March 31, 2016	March 31, 2015
Mortality table	LIC 2008-10	Indian Assurance Lives (2006-2008)
Discounting rate	7.90%	8.00%
Expected average remaining working lives of employees	22	24
Rate of escalation in salary	5%	6%



Experience Adjustments

(₹ in Lakhs)

Description	Year ended			
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined benefit obligation	25.54	25.43	30.89	18.58
Experience adjustment on plan liabilities	-	(8.12)	(0.26)	(0.49)

Compensated absences to employees is considered a short term liability which is determined in accordance with the provision of AS 15- employee benefits.

2.33 Segment Reporting:

The Company has identified business segments as its primary segment. Business segments are primarily cement manufacturing segment and power generation segment. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments.

(₹ in lakhs)

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation		2015-16	2014-15
	2015-16	2014-15	2015-16	2014-15		
Revenue	17,070.04	6,043.56	6,781.99	4,291.99	23,852.03	10,875.06
Less: Inter-segment revenue	-	-	2,146.06	709.01	2,146.06	709.01
Total	17,070.04	6,043.56	4,635.93	3,582.98	21,705.97	10,166.05
Segment result	951.42	(2,090.84)	932.00	(878.93)	1,883.42	(2,969.77)
Unallocable expenses (net)					5,429.81	2,212.73
Operating income					(3,546.39)	(757.04)
Other income (net)					1,136.32	1,431.90
Profit before taxes					(2,410.07)	674.86
Tax expense					206.57	3,200.89
Profit for the year					(2,616.64)	(2,526.03)

(₹ in lakhs)

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation		March 31, 2016	March 31, 2015
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015		
Segment assets	37,840.83	38,209.45	14,563.57	16,087.32	52,404.40	54,296.76
Unallocable assets					2,398.82	2,321.45
Total assets					54,803.22	56,618.21
Segment liabilities	12,512.26	33,157.26	2,366.99	13,079.66	14,879.25	46,236.92
Unallocable liabilities					-	-
Total liabilities					14,879.25	46,236.92

(₹ in lakhs)

Particulars	Business segments		Un-allocable assets	Total
	Manufacturing of cement	Power generation		
Capital Expenditure	2,214.19	59.69	-	2,273.88
Depreciation and amortization	1,411	321.55	2.54	1,735.09



2.34 Related Party Disclosures - as required by Accounting Standards AS 18 "Related party Disclosures" specified under Section 133 of the Companies Act, 2013

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

Holding company

Sagar Cements Limited (with effect from August 27, 2015)
Singhi Holdings Private Limited (upto August 26, 2015)

Key managerial personnel (KMP)

Parties	Relationship
Shri S Veera Reddy	Key Managerial Person (Managing Director)
Dr. S. Anand Reddy	Key Managerial Person (Joint Managing Director)
Dinesh Kumar Singhi (upto August 26, 2015)	Key Managerial Person (Chairman)
Snehalatha Singhi (upto August 26, 2015)	Key Managerial Person (Director)
Mr. K Narsimha Murthy (upto August 26, 2015)	Key Managerial Person (Whole Time Director)
Smt S. Sahithi	Executive Director
Shri S. Sreekanth Reddy	Executive Director

Relatives of KMP

Parties	Relationship
Smt. S. Vanajatha	Wife of Shri S.Veera Reddy
Smt Rachana Sammidi	Wife of Shri S. Sreekanth Reddy
Smt Aruna	Wife of Dr. S. Anand Reddy
Smt W Malathi	Daughter of Shri S.Veera Reddy
Smt N Madhavi	Daughter of Shri S.Veera Reddy
Smt P Sucharitha Reddy	Mother of Smt Rachana
Smt M Radhika Reddy	Sister of Smt Rachana
Shri P Sudharshan Reddy	Father of Smt Rachana
Shri P Rajith Reddy	Brother of Smt Rachana

Enterprise where KMP along with their relatives exercise significant influence

Panchavati Polyfibres Limited (with effect from August 27, 2015)	KMP along with their relatives hold 65.45% shares of the Company
RV Consulting Services Pvt Ltd (with effect from August 27, 2015)	KMP along with their relatives hold 90.25% shares of the Company
Sagarsoft (India) Ltd. (with effect from August 27, 2015)	KMP along with their relatives hold 51.14% shares of the Company
BMM Ispat Ltd (upto August 26, 2015)	Enterprise where KMP along with their relatives exercise significant influence

Summary of the transactions and balances with the above parties are as follows:

(₹ in Lakhs)

Nature of Transactions	Year Ended March 31, 2016	Year Ended March 31, 2015
Sale of cement:		
Sagar Cements Limited	1,796.05	-
Purchase of raw material:		
Panchavati Polyfibres Limited	476.88	-
Purchase of Scrap		



BMM CEMENTS LIMITED
Notes forming part of the Financial Statements

Nature of Transactions	Year Ended March 31, 2016	Year Ended March 31, 2015
Sagar Cements Limited	78.71	-
Sale of Scrap		
Sagar Cements Limited	24.53	-
Services received		
Sagar Cements Limited – brand and manpower supply	210.50	-
Interest expense		
Sagar Cements Limited – Interest on ICD	1,669.30	-
Remuneration to Key managerial personnel		
S. Sahithi	0.68	-
K Narsimha Murthy	4.77	12.01
Total	5.45	12.01
Reimbursement of expenses		
Sagarsoft (India) Ltd.	17.18	-
RV Consulting Services Pvt. Ltd.	439.82	-
Total	457.00	-
Loans and advances taken		
Sagar Cements Limited – Loan	15,642.96	-
Sagar Cements Limited - advances	5,259.48	-
Singhi Holdings Private Limited	5,375.00	2,500.00
Dinesh Kumar Singhi	2,654.27	1,758.00
Snehalatha Singhi	6.00	1,520.85
Advances repaid		
Sagar Cements Limited	5,000	-
Allotment of equity shares		
Sagar Cements Limited	7,817.94	-
Corporate guarantees taken		
Sagar Cements Limited	29,900.00	-

(₹ in Lakhs)

Outstanding Balances	As at 31 st March 2016	As at 31 st March 2015
Loans, advances and deposits		
RV Consulting Services Pvt. Ltd.	10.00	-
Borrowings		
Sagar Cements Limited – Long-term	17,200.00	-
Sagar Cements Limited – Current maturity	4,982.00	-
Advance received		
Sagar Cements Limited	259.48	-
Trade Payables		
Sagarsoft (India) Ltd.	1.11	-
Panchavati Polyfibres Limited	61.82	-



BMM CEMENTS LIMITED**Notes forming part of the Financial Statements**

Outstanding Balances	As at 31 st March 2016	As at 31 st March 2015
Total	62.93	-
Interest accrued but not due		
Sagar Cements Limited	2,202.64	110.12
Corporate guarantees taken		
Sagar Cements Limited	29,900.00	-

2.35 Operating Lease

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease payment recognized in the Statement of Profit and Loss amounting to ₹ 22.41 lakhs (Year ended March 31, 2015 - ₹ 47.73 lakhs)

2.36 Earnings per share

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Loss for the year (₹ in Lakhs)	(2,616.62)	(2,526.04)
Weighted average number of shares of ₹ 10 each	10,38,12,925	10,38,12,925
Earnings per share – basic and diluted (in ₹)	(2.52)	(2.43)

2.37 Depreciation

Depreciation on tangible fixed assets have been charged under straight line method by adopting the useful life of the fixed assets in alignment with schedule II to the Companies Act, 2013.

Based on componentization of Fixed Assets Net Block as on April 1, 2015, in case of those items which have been identified to have different useful life, independent to the original asset to which it has been associated with, have been depreciated based on the useful life relevant to it. This has resulted into additional depreciation claim to the tune of ₹ 28.62 lakhs.

2.38 Acquisition of the Company

The Company was acquired by Sagar Cements Limited ('SCL') on August 27, 2015 pursuant to a Share Purchase Agreement dated November 5, 2014 entered into amongst the Company, SCL and the Company's erstwhile promoters. The Company has become a wholly owned subsidiary of the SCL with effect from August 28, 2015.

2.39 Exceptional Item:

Exceptional item for the previous year ended March 31, 2015 represents amounts credited to the Statement of Profit and Loss on account of change in the accounting policy of the Company in relation to depreciation charged on fixed assets from written down value to straight line method.

2.40 The Company has certain mining leases granted by the Government for limestone mining in Gudipadu Village, Tadipatri upto December 14, 2035.

2.41 Based on the provisions of "The Mines and Minerals (Development and Regulation) Amendment Act, 2015", which is applicable from January 12, 2015 the holder of mining lease granted before the date of commencement of the aforesaid Act, shall in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount not exceeding the royalty paid in terms of the second Schedule in such manner and subject to the categorization of the mining leases and the amount payable by the various categories of lease holders, as may be prescribed by the Central Government.



BMM CEMENTS LIMITED**Notes forming part of the Financial Statements**

The District Mineral Foundation was formed in the State of Andhra Pradesh on March 14, 2016 and subsequently the provision pertaining to the additional royalty was made in the books from the date of formation of the DMF.

2.42 Disclosure as per regulation 53(f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

The details of loans and advances taken from holding company:

Particulars	As at March 31, 2016	As at March 31, 2015	Maximum amount outstanding during the year ended	
			(₹ in Lakhs)	
			March 31, 2016	March 31, 2015
Sagar Cements Limited	22,441.48	-	27,655.75	-

2.43 Figures for the previous year have been regrouped, reclassified wherever necessary to correspond with the current year's classification/disclosures.



For and on behalf of the Board of Directors

S. Veera Reddy
S. Veera Reddy
Managing Director

S. Sahithi
S. Sahithi
Executive Director

K. Prasad
K. Prasad
Chief Financial Officer

R. Soundarajan
R. Soundarajan
Company Secretary

Place: Hyderabad
Date: May 26, 2016

