



Report of the Committee of the Independent Directors of Sagar Cements Limited recommending the draft Scheme of Amalgamation of M/s. Andhra Cements Limited with M/s. Sagar Cements Limited and their respective Shareholders and Creditors, adopted at its Meeting held on June 05, 2026

Members Present:

1. Mr. K V Vishnu Raju - Chairman
2. Mrs. O Rekha - Member
3. Mr. Ravichandran Rajagopal - Member

A. Background of the proposed Scheme:

1. A draft Scheme of Amalgamation of M/s. Andhra Cements Limited (“**Transferor Company**”) with M/s. Sagar Cements Limited (“**Transferee Company**”) and their respective Shareholders and Creditors (“**Scheme**”) under Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 (“**Act**”), including rules made thereunder, has been placed before the Committee of the Independent Directors (“**Committee**”), by the management for it to considered and recommend the said draft Scheme to the Board of Directors, at the meeting held on June 05, 2026. Any words and expressions not defined in this report, shall have the meaning ascribed to them in the Scheme.
2. The Scheme *inter-alia* provides for the following:
 - (a) the amalgamation of the Transferor Company with the Transferee Company pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with Section 2(1B), Section 47, Section 72A and other applicable provisions of the Income Tax Act, 1961 and dissolution of the Transferor Company without winding-up;
 - (b) the Transferee Company will issue its equity shares to the shareholders of Transferor Company in consideration for amalgamation of the Transferor Company (other than the transferee company) with the Transferee Company as per the share exchange ratio mentioned in this Scheme; and
 - (c) the Scheme also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto.
3. The equity shares of the Transferee Company are listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”). Accordingly, the Transferee Company shall be filing the said draft Scheme along with necessary information/ documents with BSE and NSE.



Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





SAGAR CEMENTS LIMITED

4. The Scheme will be presented before the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad, in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, and will also be in compliance with various SEBI Regulations including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dt. June 20, 2023 ("SEBI Master Circular") and various circulars issued by the SEBI and other applicable laws.
5. Provisions of Paragraph A(2)(i) of Part-I of the SEBI Master Circular requires the Committee of to adopt a report recommending the draft Scheme.

The Committee considered the following:

- (a) Draft Scheme duly initialled by the Chairman of the Committee for the purpose of identification;
- (b) Certificate issued by M/s. B S R and Co. (FRN: 128510W), Chartered Accountants, the Statutory Auditors of the Company, as required under Section 232(3) of the Act and Paragraph A(5) of Part-I of the SEBI Master Circular, certifying that the accounting treatment in the Scheme is in accordance with the accounting standards and applicable law;
- (c) Valuation Report for determining the Share Exchange Ratio issued by BDO Valuation Advisory LLP (Registration No. IBBI/RV-E/02/2019/103), Registered Valuer and Fairness Opinion issued by Anand Rathi Advisors Limited (SEBI Regn. No. MB/INM000010478), Independent SEBI Registered Merchant Banker; and
- (d) all other relevant documents, undertakings, reports etc. as placed before the Committee.

This report of the Committee is accordingly being made in pursuance to the requirements of Paragraph A(2)(i) of the SEBI Master Circular.

B. Salient feature of the Scheme are:

1. Amalgamation of the Transferor Company with the Transferee Company in accordance with Sections 230 to 232 of the Companies Act, 2013 read with the rules made thereunder and in accordance with Section 2(1B), Section 47, Section 72A and other applicable provisions of the Income Tax Act, 1961, and the dissolution without winding up of the Transferor Company with effect from the Appointed Date;
2. Appointed Date in the Scheme is April 01, 2026;

Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





SAGAR CEMENTS LIMITED

3. With effect from the Appointed Date and upon the Scheme becoming effective, the entire Undertaking of the Transferor Company (as defined in the Scheme) shall stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company to become the Undertaking of the Transferee Company, in the manner provided for in the Scheme, in accordance with Sections 230 to 232 of the Companies Act, the Income Tax Act and other applicable laws.
4. Effective Date in the Scheme is as specified in Clause 1.1.(h) of the Scheme;
5. Upon this Scheme becoming effective, the entire authorized share capital of the Transferor Company shall stand transferred to the authorized share capital of the Transferee Company and the authorized share capital of the Transferee Company shall stand increased to Rs.792,50,00,000/-.
6. Upon this Scheme becoming effective, the Transferee Company will issue and allot new equity shares to the eligible shareholders of the Transferor Company (except the Transferee Company) as of the Record Date (as defined in the Scheme) in accordance with the Scheme. No shares shall be issued or allotted by the Transferee Company in respect of the shares held by the Transferee Company itself in the Transferor Company and all such shares shall stand cancelled and extinguished without any further act, application or deed. The equity shares so allotted by the Transferee Company will be listed and admitted to trading on BSE and NSE;
7. The Scheme is subject to necessary statutory / regulatory approvals under applicable laws including approvals of respective shareholders and creditors, approval of BSE and NSE, Securities and Exchange Board of India, the Hon'ble National Company Law Tribunals.
8. The Transferor Company shall stand dissolved without being wound up.

C. Valuation Report and Fairness Opinion

The Committee reviewed the Valuation Report and Fairness Opinion and also noted the following:

1. The Valuation Report and the Fairness Opinion were issued by the Registered Valuer and Independent SEBI Registered Merchant Banker, respectively, in accordance with the applicable provisions of the SEBI Listing Regulations read with the SEBI Master Circular;
2. The Valuation Report and the Fairness Opinion provide adequate protection to the shareholders as the share exchange ratio reflects the fair market value of the shares of the Transferor Company and the Transferee Company as on the date of the Valuation Report. As a result, the draft Scheme does not have any detrimental effect on the shareholders of the Transferee Company;

Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





SAGAR CEMENTS LIMITED

3. In consideration for the proposed amalgamation, the Transferee Company is required to issue and allot fully paid-up equity shares of the Transferee Company to the shareholders of the Transferor Company (except the Transferee Company in respect of the shares held by it in the Transferor Company) as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or their successors in title as may be recognised in the following manner:

“29(Twenty Nine only) equity shares of the face value Rs.2 each of the Transferee Company shall be issued and allotted as fully paid up for every 98 (Ninety Eight only) equity shares of the face value Rs.10 each fully paid up held in the Transferor Company.”

D. Scheme Not Detrimental to the Shareholders:

1. Based on the Valuation Report and the Fairness Opinion, review of the documents placed at the meeting, the Committee’s deliberations and consideration of various factors including but not limited to salient feature of the Scheme, the Committee concluded that the proposed Scheme is considered fair and in the best interests of the Company's Shareholders, as the amalgamation is expected to generate economies of scale, unlock new opportunities, and increase the value of the merged entity, thereby benefiting shareholders by enhancing overall shareholder value.
2. The Committee also noted that upon the Scheme becoming effective, pursuant to the amalgamation of the Transferor Company with the Transferee Company and in consideration for such amalgamation in terms of Part III of the Scheme, the Transferee Company will issue and allot its equity shares as consideration in accordance with the fair share exchange ratio recommended under the Valuation Report in the following manner:

“29(Twenty Nine only) equity shares of the face value Rs.2 each of the Transferee Company shall be issued and allotted as fully paid up for every 98 (Ninety Eight only) equity shares of the face value Rs.10 each fully paid up held in the Transferor Company.”

3. As the Scheme involves the issuance of new equity shares by the Transferee Company to the shareholders of the Transferor Company which will result in the dilution of holdings of shareholders by approximately 2.40%, the Committee carefully assessed the potential effects on the Transferee Company’s existing shareholders. Following thorough deliberations, the Committee unanimously determined that the issuance of new equity shares under the Scheme will not have a material adverse impact on the Transferee Company’s shareholders.
4. Thus, the Committee is of view that the Scheme is not detrimental to the interest of the shareholders on account of benefits as enumerated above and that the Scheme will unlock long term value for the shareholders.

Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2Z1

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





SAGAR CEMENTS LIMITED

E. Recommendation of the Independent Directors Committee:

The Committee of Independent Directors, after due deliberation and due consideration of all terms of the draft Scheme, Valuation Report, Fairness Opinion, certificates, confirmations and undertakings and other presentations, reports, documents and information made to / furnished before the Committee in relation to the said Scheme and the specific points mentioned above, recommends the draft Scheme.

For and on behalf of the Committee of Independent Directors of Sagar Cements Limited



K V Vishnu Raju
Chairman of the Committee

DIN: 00480361

Date: June 05, 2026

Place: Hyderabad

Registered Office :

Plot No. 1111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





Report of the Audit Committee of Sagar Cements Limited recommending the draft Scheme of Amalgamation of M/s. Andhra Cements Limited with M/s. Sagar Cements Limited and their respective Shareholders and Creditors, adopted at its Meeting held on 05th June, 2026

Members Present:

- | | |
|--------------------------------|-------------|
| 1. Smt O Rekha | Chairperson |
| 2. Shri K V Vishnu Raju | Member |
| 3. Shri Rajagopal Ravichandran | Member |
| 4. Shri Madhavan Ganesan | Member |

A. Background of the proposed Scheme:

1. A draft Scheme of Amalgamation of M/s. Andhra Cements Limited (“**Transferor Company**”) with M/s. Sagar Cements Limited (“**Transferee Company**”) and their respective Shareholders and Creditors (“**Scheme**”) under Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 (“**Act**”), including rules made thereunder, has been placed before the Audit Committee (“**Committee**”), by the management for it to consider and recommend the said draft Scheme to the Board of Directors, at the meeting held on June 05, 2026. Any words and expressions not defined in this report, shall have the meaning ascribed to them in the Scheme.
2. The Scheme *inter-alia* provides for the following:
 - (a) the amalgamation of the Transferor Company with the Transferee Company pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with Section 2(1B), Section 47, Section 72A and other applicable provisions of the Income Tax Act, 1961 and dissolution of the Transferor Company without winding-up;
 - (b) the Transferee Company will issue its equity shares to the shareholders of the Transferor Company (except the Transferee Company in respect of the shares held by it in the Transferor Company) in consideration for amalgamation of the Transferor Company with the Transferee Company as per the share exchange ratio mentioned in this Scheme; and
 - (c) the Scheme also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto.
3. The equity shares of the Transferee Company are listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”). Accordingly, the Transferee Company shall be filing the said draft Scheme along with necessary information / documents with BSE and NSE.



Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





SAGAR CEMENTS LIMITED

4. The Scheme will be presented before the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad, in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, and will also be in compliance with various SEBI Regulations including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dt. June 20, 2023 ("SEBI Master Circular") and various circulars issued by the SEBI and other applicable laws.
5. Provisions of Paragraph A(2)(c) of Part-I of the SEBI Master Circular requires the Committee to adopt a report recommending the draft Scheme, taking into consideration, inter alia, the Valuation Report.

The Committee considered the following:

- (a) Draft Scheme duly initialled by the Chairperson of the Committee for the purpose of identification;
- (b) Certificate issued by M/s. B S R and Co. (FRN: 128510W), Chartered Accountants, the Statutory Auditors of the Company, as required under Section 232(3) of the Act and Paragraph A(5) of Part-I of the SEBI Master Circular, certifying that the accounting treatment in the Scheme is in accordance with the accounting standards and applicable law;
- (c) Valuation Report for determining the Share Exchange Ratio issued by BDO Valuation Advisory, LLP (Registration No. IBBI/RV-E/02/2019/103), Registered Valuer and Fairness Opinion issued by Anand Rathi Advisors Limited (SEBI Regn. No. MB/INM000010478), Independent SEBI Registered Merchant Banker; and
- (d) all other relevant documents, undertakings, reports etc. as placed before the Committee.

This report of the Committee is accordingly being made in pursuance to the requirements of Paragraph A(2)(c) of the SEBI Master Circular.

B. Salient feature of the Scheme are:

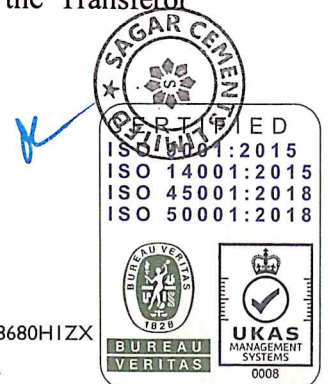
1. Amalgamation of the Transferor Company with the Transferee Company in accordance with Sections 230 to 232 of the Companies Act, 2013 read with the rules made thereunder and in accordance with Section 2(1B), Section 47, Section 72A and other applicable provisions of the Income Tax Act, 1961, and the dissolution without winding up of the Transferor Company with effect from the Appointed Date;

2. Appointed Date in the Scheme is April 01, 2026;

Registered Office : Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jaipur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





SAGAR CEMENTS LIMITED

3. With effect from the Appointed Date and upon the Scheme becoming effective, the entire Undertaking of the Transferor Company (as defined in the Scheme) shall stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company to become the Undertaking of the Transferee Company, in the manner provided for in the Scheme, in accordance with Sections 230 to 232 of the Companies Act, the Income Tax Act and other applicable laws.
4. Effective Date in the Scheme is as specified in Clause 1.1.(h) of the Scheme;
5. Upon this Scheme becoming effective, the entire authorized share capital of the Transferor Company shall stand transferred to the authorized share capital of the Transferee Company and the authorized share capital of the Transferee Company shall stand increased to Rs.792,50,00,000/-.
6. Upon this Scheme becoming effective, the Transferee Company will issue and allot new equity shares to the eligible shareholders of the Transferor Company (except the Transferee Company) as of the Record Date (as defined in the Scheme) in accordance with the Scheme. No shares shall be issued or allotted by the Transferee Company in respect of the shares held by the Transferee Company itself in the Transferor Company and all such shares shall stand cancelled and extinguished without any further act, application or deed. The equity shares so allotted by the Transferee Company will be listed and admitted to trading on BSE and NSE;
7. The Scheme is subject to necessary statutory / regulatory approvals under applicable laws including approvals of respective shareholders and creditors, approval of BSE and NSE, Securities and Exchange Board of India, the Hon'ble National Company Law Tribunals.
8. The Transferor Company shall stand dissolved without being wound up.

C. Valuation Report and Fairness Opinion

The Committee reviewed the Valuation Report and Fairness Opinion and also noted the following:

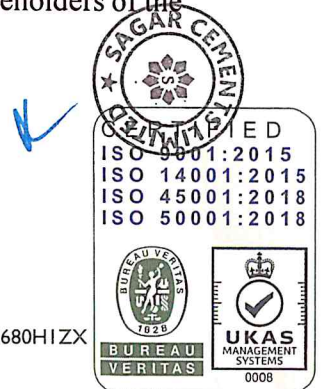
1. The Valuation Report and the Fairness Opinion were issued by the Registered Valuer and Independent SEBI Registered Merchant Banker, respectively, in accordance with the applicable provisions of the SEBI Listing Regulations read with the SEBI Master Circular;
2. The Valuation Report and the Fairness Opinion provide adequate protection to the shareholders as the share exchange ratio reflects the fair market value of the shares of the Transferor Company and the Transferee Company as on the date of the Valuation Report. As a result, the draft Scheme does not have any detrimental effect on the shareholders of the Transferee Company;

Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





SAGAR CEMENTS LIMITED

3. In consideration for the proposed amalgamation, the Transferee Company is required to issue and allot fully paid-up equity shares of the Transferee Company to the shareholders of the Transferor Company (except the Transferee Company in respect of the shares held by it in the Transferor Company) as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or their successors in title as may be recognised in the following manner:

“29(Twenty Nine only) equity shares of the face value Rs.2 each of the Transferee Company shall be issued and allotted as fully paid up for every 98 (Ninety Eight only) equity shares of the face value Rs.10 each fully paid up held in the Transferor Company.”

D. Comments by the Audit Committee on the Scheme

After consideration of the aforesaid documents and salient feature of the Scheme, as placed before the Committee and after due deliberation on certain matters with the management on the draft Scheme of Amalgamation, the Committee hereby reports that:

1. Need for the amalgamation:

The Transferor Company is subsidiary of the Transferee Company and is engaged in the same line of business as that of the Transferee Company. The amalgamation will consolidate the same line of business of the Transferor Company and the Transferee Company, which will result in focused growth, operational efficiencies, and enhance business synergies. In addition, the resultant corporate holding structure will bring enhanced agility to the business ecosystem of the Transferee Company.

2. Rationale of the Scheme:

The amalgamation of the Transferor Company with the Transferee Company would *inter alia* have the following benefits:

- (a) The Transferee Company is engaged in the manufacture of cement, and the Transferor Company is also engaged in the manufacture of cement. The Transferee Company is the promoter of the Transferor Company and holds 75.00% of the paid-up equity share capital of the Transferor Company. As both the entities are under the same line of business, the proposed amalgamation will allow the Transferee Company to achieve full ownership and exercise complete control over the Transferor Company's operations, ensuring long-term strategic alignment. The amalgamation will integrate the operations of both entities, and the combined entity is expected to achieve focused growth, improved operational efficiencies, and substantial business synergies, leading to a more dynamic and robust corporate structure.



Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA

CERTIFIED
ISO 9001:2015
ISO 14001:2015
ISO 45001:2018
ISO 50001:2018





SAGAR CEMENTS LIMITED

- (b) The proposed amalgamation, considering that the Transferor Company manufactures and sells cement under the brand name of the Transferee Company, would facilitate complete alignment of manufacturing operations, branding, marketing and distribution functions under a single corporate structure, thereby resulting in operational efficiencies and enhanced value creation for all stakeholders.
- (c) The amalgamation will consolidate the manufacturing and commercial functions of both entities into an integrated operating framework, thereby enhancing end-to-end value chain coordination while enabling optimal deployment of key resources, including raw materials, human capital, logistics infrastructure, and financial capital, resulting in the elimination of redundancies and improved cost rationalization. It will further rationalize the group's corporate structure by removing parallel entities within the same line of business, leading to a more efficient, streamlined, and transparent organizational architecture. This consolidation is expected to accelerate decision-making through centralized governance and unified control mechanisms, while facilitating seamless execution of production planning, more robust demand forecasting, and tighter alignment between production capabilities and market dynamics. Moreover, the integration will reinforce operational discipline through process standardization, performance benchmarking, and enhanced monitoring systems, thereby driving superior agility, responsiveness, and overall operational efficiency across the integrated network.
- (d) The proposed amalgamation is expected to enhance the competitive positioning of the Transferee Company by creating a unified entity that leverages economies of scale and improved access to expanded marketing networks, distribution channels, and customer segments, while benefiting from an enlarged resource base and deeper, integrated client relationships to deliver a broader and more sophisticated product portfolio, thereby enabling optimal realisation of the business potential and growth prospects of both the Transferor and Transferee Companies; additionally, the consolidation will facilitate the development of long-term internal capabilities and core competencies, significantly augment the manufacturing footprint and operational capacity, and through increased scale, enable vendor rationalisation, procurement aggregation, and supply chain optimisation, resulting in enhanced operational efficiency, cost synergies, and streamlined end-to-end supply chain management.

The Scheme is in the best interest of both the entities and their respective shareholders and creditors.

The Committee was of view that the rationale of the Scheme justifies the proposed amalgamation.



Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





3. Synergies of business of the entities involved in the Scheme:

The proposed Scheme would result in the following synergies:

- (a) expected to bring operational efficiencies by streamlining processes, improving resource allocation, and reducing overhead costs. This will lead to faster turnaround times, improved quality, and enhanced scalability, ultimately enabling better decision-making and driving business growth;
- (b) will result in a simplified structure and management efficiency, characterized by fewer management layers, clearer decision-making lines, and reduced bureaucracy, ultimately enabling faster decision-making, improved resource allocation, and enhanced overall performance;
- (c) will facilitate the efficient execution of projects in the pipeline, leveraging combined resources and expertise to accelerate timelines, improve delivery, and drive business growth;
- (d) will facilitate the sharing of best practices in sustainability, safety, health, and environment, enabling the adoption of proven methods to minimize environmental impact, ensure workplace safety, and promote employee well-being.

4. Impact of the Scheme on the Shareholders:

- (a) Based on the Valuation Report and the Fairness Opinion, review of the documents placed at the meeting, the Committee's deliberations and consideration of various factors including but not limited to salient feature of the Scheme, need for amalgamation, rationale of the scheme, the Committee concluded that the proposed Scheme is considered fair and in the best interests of the Company's Shareholders, as the amalgamation is expected to generate economies of scale, unlock new opportunities, and increase the value of the merged entity, thereby benefiting shareholders by enhancing overall shareholder value.
- (b) The Committee also noted that upon the Scheme becoming effective, pursuant to the amalgamation of the Transferor Company with the Transferee Company and in consideration for such amalgamation in terms of Part III of the Scheme, the Transferee Company will issue and allot its equity shares as consideration in accordance with the fair share exchange ratio recommended under the Valuation Report in the following manner:

"29(Twenty Nine only) equity shares of the face value Rs.2 each of the Transferee Company shall be issued and allotted as fully paid up for every 98 (Ninety Eight only) equity shares of the face value Rs.10 each fully paid up held in the Transferor Company."

Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA





SAGAR CEMENTS LIMITED

The amalgamation of the Transferor Company with the Transferee Company will result in the dilution of holdings of shareholders by approximately 2.40%. The issuance of these equity shares will have a minimal impact on existing shareholders of the Transferee Company, except for the resulting dilution. The proposed Scheme will benefit shareholders of both companies by combining them into a single entity, increasing efficiency, market presence, and valuation, ultimately creating long-term value and growth.

- (c) Accordingly, there will be no detrimental impact on the shareholders of the Company due to the proposed Scheme.
- (d) Thus, on the basis of the above, the Committee is of the opinion that the proposed Scheme is in the best interests of the Company and its shareholders.

5. Cost benefit analysis of the Scheme:

Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

E. Recommendation of the Audit Committee:

The Audit Committee *inter alia* having noted the rationale, benefits and the impact of the Scheme on shareholders, the Company and others concerned and in particular the fact that the Scheme is not detrimental to the interests of shareholders and the Company and in consideration of the draft Scheme, Valuation Report, Fairness Opinion, certificates, confirmations and undertaking and other presentations, reports, documents and information made to/furnished before the Committee in relation to the said Scheme and the specific points mentioned above, the Audit Committee of the Company hereby recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

For and on behalf of the Audit Committee of Sagar Cements Limited



O Rekha
Chairperson of the Committee
DIN: 07938776

Date: June 05, 2026

Place: Hyderabad

Registered Office :

Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana State, India. Phone : +91 40 23351571, 23351572
E-mail : info@sagarcements.in Website : www.sagarcements.in CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H2ZY

Factories :

- 1) Mattampally Village & Mandal, Suryapet District, Telangana State - 508204. Phone : 08683 247039 GSTIN : 36AACCS8680H1ZZ
- 2) Bayyavaram Village, Kasimkota Mandal, Anakapally District, Andhra Pradesh State - 531031. Phone : 08924 244550
GSTIN : 37AACCS8680H1ZX
- 3) Gudipadu Village, Yadiki Mandal, Ananthapur District, Andhra Pradesh State - 515408. Phone: 08558 200272 GSTIN : 37AACCS8680H1ZX
- 4) Kalinganagar, Industrial Complex, Tahsil-Dangadi, Dist - Jajpur, Odisha State. Phone : 08340 882288 GSTIN : 21AACCS8680H1ZA

