

# Business responsibility report

As per the amendment made by SEBI in December, 2019 to the SEBI (LODR) Regulations, 2015, the Regulation relating to furnishing of Business Responsibility Report as part of the Annual Report has become applicable to the Company. While some of the policies required for conduct of business in a responsible way were already followed by the Company, the other policies required to be adopted have since been framed to meet the above requirement. The process of implementing these policies have since been initiated with the formulation of the policies by the Board of Directors and with the appointment of Shri. S. Sreekanth Reddy, Joint Managing Director as the Nodal Officer, who has been empowered to form a Committee consisting of Senior Management Personnel to assist him.

## Section A: General Information about the Company

Sl. No.	Particulars				
1	Corporate Identity Number (CIN) of the Company	L26942TG1981PLC002887			
2	Name of the Company	SAGAR CEMENTS LIMITED			
3	Registered address	Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, Telangana, India			
4	Website	www.sagarcements.in			
5	E-mail ID	info@sagarcements.in			
6	Financial Year reported	Year ended 31 <sup>st</sup> March 2020			
7	Sector(s) that the Company is engaged in (Industrial activity code wise)	<b>Group</b>	<b>Class</b>	<b>Sub Class</b>	<b>Description</b>
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Cement Manufacture of Cement			
9	Total number of locations where business activity is undertaken by the Company				
	a) Number of International Locations (Provide details of major 5) :	Nil			
	b) Number of National Locations	<b>Cement Plants:</b> Mattampally, Via, Huzurnagar, Suryapet District, Telangana-508204  Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District-531031, Andhra Pradesh  <b>Hydel Power Units:</b> Guntur Branch Canal Hydel Project, Tsallagundla Adda Road, Nekarikallu Mandal, Guntur District-522 615, Andhra Pradesh  Lock-in-Sula Hydel Project, Banumukkala Village, Banakacherla Regulator Pamulapadu Mandal, Kurnool District-518 422, Andhra Pradesh			
10	Markets served by the Company- Local/State/ National/International	<b>Local</b>	<b>State</b>	<b>National</b>	<b>International</b>
		√	√	√	

## Section B: Financial details of the Company

1	Paid-up Capital (INR)	₹ 2,227.50 Lakhs
2	Total Turnover (INR)	₹ 81,960 Lakhs
3	Total profit after taxes (INR)	₹ 3,473 Lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The company has spent ₹ 83.6 Lakhs on CSR activities, constituting 2.3% of profit after tax for 2019-20
5	List of activities in which expenditure in 4 above has been incurred : (a) Eradication of Poverty;	(a) Eradication of Poverty (b) Promotion of Education and Skill development (c) Rural Development (d) Environment (e) Rural Sports (f) Promotion of Gender Equality

## Section C: Other details

### 1 Does the Company have any Subsidiary Company/Companies?

Yes. The Company has 3 subsidiary companies viz.,

1. Sagar Cements (R) Limited
2. Satguru Cement Private Limited
3. Jajpur Cements Private Limited

**Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?**

If yes, then indicate the number of such subsidiary company(s) No

**Do any other entity/entities (e.g. suppliers, distributors etc.) participate in the BR initiatives of the Company. If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]**

No. The other entities with whom the company does business do not participate in the BR initiatives of the company.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Director responsible for implementation of the BR policy/policies

1	DIN Number	00123889
2	Name	Shri. S. Sreekanth Reddy
3	Designation	Joint Managing Director

#### (b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN Number	00123889
2.	Name	Shri. S. Sreekanth Reddy
3.	Designation	Joint Managing Director
4.	Telephone number	040 23351571
5.	e-mail id	sreekanth@sagarcements.in

### 2. Principle wise (as per NVGs) BR Policy/policies:

#### The nine principles are as under:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all its employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all their stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for ?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.sagarcements.in/BusinessResponsibilityPolicy.html">http://www.sagarcements.in/BusinessResponsibilityPolicy.html</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit /evaluation of the working of this policy by an internal or external agency?	We are in the process of appointing independent internal agency for evaluating the working of all the Policies.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The current BR is the first one. The Company has earlier published a Sustainability Report for the year 2018-19.

**Section E: Principle-wise performance**

**Principle 1: Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable**

(1) Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The Company has got a Code of Conduct and Vigil Mechanism that were approved by the Board of Directors. These are applicable to the Board Members and Senior Management of the Company and an annual affirmation on compliance of the Code

is taken from them. The Company persuades parties associated with it to follow the principles of ethics, etc. and gives importance to Corporate Governance which is an integral part of the management of the company.

(2) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

There were no complaints on ethics/transparency and accountability during the year.

**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe**

**(1) List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- (a) The Company is engaged in the manufacture of cement that help customers to build sustainable structures which are more durable and more environmental friendly and resource efficient. The Company is primarily engaged in the production of blended cement which uses fly-ash, a natural waste, as an additive and slag a waste from blast furnace in steel plants contributing for the improvement in the environment.
- (b) The Company also concentrates on reducing the use of clinker in the cement thereby resulting in conservation of lime stone and reducing the CO<sub>2</sub> emissions.
- (c) The Company also effectively generates power from its waste heat recovery, solar and hydel power plants, addressing the carbon emissions, saving of fuels in the process of power generation.
- (d) The company is also making efforts in water conservation by means of rain water harvesting, use of reject water, after treatment in process.

**(2) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

On the production front, the Company has been continuously striving hard to reduce the power and fuel consumption thereby contributing for the improvement of environment. Supply chain management plays a key role in achieving economies in cost of inward materials and logistics cost of outward movement.

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The end usage of cement by customers and its purposes are not available with the Company and hence the reduction in consumption of energy and water by them by utilising our product cannot be quantified. However the company is promoting & providing technical support for adopting environment friendly practices in use of cement and in construction.

**(3) Does the Company have procedures in place for sustainable sourcing (including transportation)?**

Yes

**(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The major raw material required for the Company is lime stone and the plant is located in proximity to the lime stone deposits resulting in minimum of transport cost, with lesser fuel and lesser carbon emission. Also the company installed the crushing machinery which is used for size reduction is installed in mine and below ground level avoiding ramp thereby reducing vehicle transport distance and fuel consumption. Most of the other raw materials required for process are procured by the Company from nearby sources and their selection process and practices adopted by the Company are focused towards delivering quality raw material at the cheapest costs incurring very less freights in a sustainable manner. All the inputs are sourced on a sustainable basis and the Company has also long term agreements/leases in place for gypsum, lime stone, fly-ash, slag etc.

**(4) Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

Yes

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company gives preference to local vendors for supply of stores, spares, PP bags and repair works. Our contractors who are engaged in the repairs and maintenance of plants are employing workmen from the nearby villages by providing opportunities for them to earn livelihood. The local vendors are provided with safety equipment and apparatus and are expected to adhere to the safety procedures of the Company.

Skilled engineers of the company are visiting the suppliers manufacturing units, offices at regular intervals and interacting with them to promote their skill development and also to make their operations, practices are more environment friendly.

**(5) Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so**

The Company is engaged in manufacture of cement and power and does not directly discharge any effluent or wastes. The fly-ash from our power plants are entirely used in our cement production. The waste water discharged from the power plant operations is purified, recycled and used in process, for dust separation, gardening and house-keeping in the colony.

The excess heat available from the kiln is also captured by the waste heat recovery plant and used for generation of power at the cheapest cost. All waste materials like copper slag, fly ash, gypsum are being used in the process. Oil wastes are disposed of duly complying with pollution control procedures to approved vendors.

**Principle 3: Businesses should respect and promote the well-being of all its employees, including those in their value chains**

**(1) Please indicate the Total number of employees.**

No. of permanent employees is 567 (Managerial -165 & Non-Managerial - 402)

**(2) Please indicate the Total number of employees hired on temporary/contractual/casual basis**

Number of Contract Employees engaged through Registered/contractual/casual basis. Licensed Contractors 763 (Packing Plant & Other areas)

Mines & security not included.

**(3) Please indicate the Number of permanent women employees: 8**

**(4) Please indicate the Number of permanent employees with disabilities: Nil**

**(5) Do you have an employee association that is recognised by the management**

Yes. There are recognised trade unions constituted as per the terms of the Trade Unions Act at the Company's manufacturing units.

**(6) What percentage of your permanent employees is members of this recognised employee association?**

26.85%

**(7) Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	NA
2	Sexual harassment	Nil	NA
3	Discriminatory employment	Nil	NA

**(8) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- (a) Permanent Employees - 100%
- (b) Permanent Women Employees - 100%

- (c) Casual/Temporary/Contractual Employees
- (d) Employees with Disabilities

**Principle 4: Businesses should respect the interests of and be responsive to all their stakeholders**

**(1) Has the Company mapped its internal and external stakeholders? Yes/No**

Yes. The Company has mapped its internal stakeholders as well as external stakeholders.

**(2) Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.**

The Company is in the process of identifying its marginalised stakeholders by way of vendors, stockists, contract workers who are situated in and around its factory locations which are essentially under-developed locations requiring attention.

**(3) Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

Most of the Corporate Social Responsibility (CSR) activities undertaken by the Company are towards the welfare of the people and stakeholders in and around our factory locations by providing health and sanitary care, educational facilities and vocational training, infrastructural facilities like road, water, etc. Most of the welfare schemes undertaken by the Company are targeted towards upliftment of the poor and down-trodden and marginalised stakeholders located in and around our factories to enable them to have a sustainable livelihood and aimed at rural development.

**Principle 5: Businesses should respect and promote human rights**

**(1) Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company has a Code of Conduct for Directors and Senior Management of the Company. The Company complies with the National and Local Laws as far as the individual rights are concerned. However, there is no specific human rights policy for the time being.

**(2) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaints for violation of human rights were received by the Company during the financial year.



**Principle 6: Businesses should respect, protect and make efforts to protect and restore the environment**

**(1) Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ others.**

The Company has a Policy on Safety Health and Environment (SHE), which covers all the operations of the Company. Subsidiaries are not covered in BR initiatives of the company.

**(2) Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes. The Company is committed to reduce Greenhouse Gas (GHG) emissions and have got short-term and long-term targets in this regard.

All these targets are aimed at:

- (a) Improving the blended cement ratio by using slag and fly ash and reducing clinker factor in the overall cement by paving way for carbon reduction.
- (b) Continuous focus on reduction of thermal and electrical energy consumption.
- (c) Installation of Waste Recovery System and renewable energy in the form of hydel power plants.
- (d) Utilisation of waste products from its thermal power plants like fly ash to improve the environment.
- (e) Development of ponds and afforestation of the mined area to ensure greener environment.
- (f) Installation of high efficiency bag filters in place of ESPs to ensure emissions are well within the permissible limits and continuous monitoring of the same by relevant authorities.

**(3) Does the Company identify and assess potential environmental risks? Y/N**

The Company has got a Risk Management Policy and the potential environmental risk and other risks form part of Business Risk Management review, where all such risks are identified and mitigation process are formulated.

**(4) Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No

**(5) Has the Company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for webpage etc.**

- (a) As already mentioned, the Company has taken lot of steps towards clean technology, energy efficiency and renewable energy through installation of hydel power plants, solar power plant.
- (b) The Company is focusing on improving the usage of additives and reducing the clinker in cement to ensure carbon reduction and also focus on value added varieties of cements.
- (c) The company continuously monitor and takes measures for reducing power and fuel consumption.

**(6) Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. Emissions/Waste generated by the Company are within the permissible limits given by the Central and State Pollution Control Boards. There are no significant wastes produced by the Company.

**(7) Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**(1) Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- (a) Cement Manufacturers Association (CMA)
- (b) National Council for Cement and Building Materials (NCCBM)
- (c) Confederation of Indian Industry (CII)
- (d) Federation of Indian Chambers of Commerce and Industry (FICCI)

**(2) Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes /No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)?**

The Company, as part of its activities under Corporate Social Responsibility (CSR), has taken steps for improvement of health and safety of the people in the villages around its factories, supporting irrigation facilities by constructing check dams etc. thereby improving their income.

The company also promoting & providing technical support for conservation of water in the usage of concrete, biodiversity conservation, increased usage of blended cement as sustainable building materials.

## Principle 8: Businesses should promote inclusive growth and equitable development

### (1) Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof

As part of CSR, the Company has developed detailed programmes focused on developing the neighbourhood and ensuring a better livelihood for the underprivileged people. Towards these programmes, all stakeholder groups are addressed which, inter alia, include promotion of basic education, rural employment, sustainable operations of the public health centres, development of infrastructure like roads, lights, drinking water supply, medical camps and facilities and social reforms, which will ultimately pave way for a sustained livelihood for the neighbourhood.

### (2) Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?

The Company's projects are implemented through In-house. Some of the healthcare and welfare activities are also being undertaken through governmental agencies and private hospitals and NGOs

### (3) Have you done any impact assessment of your initiative?

The Company is generally reviewing the impact assessment of its CSR initiatives, which is reflected in the form of feedback from the beneficiaries. However, the Company is also in the process of formulating a scheme for a systematic review of the performance of its various programmes and the resultant benefits.

### (4) What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

₹ 81 Lakhs towards Eradication of Poverty, Promotion of Education and Skill Development, Rural Development, Environment, Rural Sports, Promotion of Gender Equality etc., as detailed in Sl.No. 4 under Section B of this Report.

### (5) Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. The Company follows a process before undertaking any community development project. These projects are undertaken based on either the request from the community or based on the survey and initiative taken by the Company for improvement of the society and the environment.

An assessment report is prepared regarding the cost and benefits that will accrue to the community people and based on the importance, these projects are listed and being implemented one by one on various issues like primary education improving the educational facilities, providing furniture to schools, maintenance of primary health centres, drinking water supply scheme, healthcare and sanitation and infrastructure development.

## Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

### (1) What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The Company has been continuously meeting its stockists and consumers to apprise them on various issues regarding quality, setting time, strength, etc. and also to understand their concerns. Most of the concerns are being reviewed regularly and then resolved immediately then and there to their satisfaction. There were no complaints from end-consumers pending as of 31<sup>st</sup> March 2020 from consumers.

### (2) Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

The Company displays all the information regarding the product as mandated by Bureau of Indian Standards (BIS) and relevant Local Laws applicable on the cement bag.

### (3) Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

The Company does not indulge in any anti-competitive activities. There were no complaints pending in this respect.

### (4) Did your company carryout any consumer survey/consumer satisfaction trends?

The senior marketing officials periodically visit its main customers, namely, stockists, sub-dealers, consumers, as part of the appraisal programme and get the feedback on the satisfaction levels on supply, quality and other terms, etc.