

Independent auditor's report

To The Members of SAGAR CEMENTS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **SAGAR CEMENTS LIMITED** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing

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

Emphasis of Matter

We draw your attention to Note 26 of the consolidated financial statements, which describes that certain estimates and judgments were made related to the COVID-19 pandemic, wherein, the eventual outcome of the impact of this global health pandemic may be different from those estimated by the management.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	Auditor's Response
Revenue recognition – Price Discounts (Refer Note 42 of the Consolidated financial statements) <ul style="list-style-type: none">Revenue is measured net of discounts earned by customers on the Parent's sales.Due to the Parent's presence across different marketing regions within the country and the competitive business environment, price discounts vary based on the customer and market it caters to and recognised based on sales made during the year. These discounts are calculated based on the market study reports which reports are collated periodically by the management and are prone to manual interventions.Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price discounts.Given the complexity involved in the assessment of price discounts and their periodic recognition against sales, the same is considered as key audit matter.	Principal audit procedures performed: <ul style="list-style-type: none">Assessed the appropriateness of the Parent's accounting policies relating to Price discounts by comparing with applicable accounting standards.Assessed the design and tested the implementation and operating effectiveness of Parent's internal controls over the approvals, calculation, accounting and issuance of credit notes.Obtained and inspected, on a sample basis, supporting documentation for price discounts recorded and credit note issued during the year as well as credit notes issued after the year end date to determine whether these were recorded appropriately.Compared the historical trend of price discounts to sales made to determine the appropriateness of current year's discount charge.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Integrated report and Management Discussion and Analysis Report including Annexures and Corporate Governance Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that

were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept.
- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- On the basis of the written representations received from the directors of the Parent Company as on 31st March 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent company, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

- a. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- b. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)
Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 20201193AAAACE3245)

Place: Hyderabad
Date: 29th May 2020

Annexure “A” to the Independent auditor’s report

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2020, we have audited the internal financial controls over financial reporting of **SAGAR CEMENTS LIMITED** (hereinafter referred to as “Parent”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the criteria for internal financial control over financial reporting established by the respective companies

considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)
Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 20201193AAAACE3245)

Place: Hyderabad
Date: 29th May 2020

Consolidated balance sheet

as on 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	As at 31 st March 2020	As at 31 st March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	1,27,141	1,17,832
(b) Capital work-in-progress		10,799	11,005
(c) Right of use assets	4	1,176	-
(d) Goodwill		4,162	3,873
(e) Intangible assets			
- Mining rights	3	5,893	2,686
- Other Intangible assets	3	23	24
(f) Financial assets			
(i) Other financial assets	5	1,659	2,084
(g) Deferred tax assets (net)	25	2,119	3,284
(h) Income tax assets (net)	25	465	102
(i) Other non-current assets	6	8,716	1,346
Total Non-current assets (1)		1,62,153	1,42,236
Current assets			
(a) Inventories	7	11,580	14,501
(b) Financial assets			
(i) Trade receivables	8	13,678	11,561
(ii) Cash and cash equivalents	9	290	1,791
(iii) Bank balances other than (ii) above	10	985	1,159
(iv) Other financial assets	5	394	305
(c) Other current assets	6	4,795	4,558
Total Current assets (2)		31,722	33,875
TOTAL ASSETS (1+2)		1,93,875	1,76,111
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	2,228	2,040
(b) Other equity	12	94,438	82,343
Equity attributable to Shareholders of the Company		96,666	84,383
Non-controlling interests		5,393	-
Total Equity (1)		1,02,059	84,383
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	28,724	30,582
(ii) Lease liabilities	33	256	-
(iii) Other financial liabilities	14	7,016	5,459
(b) Provisions	15	970	730
(c) Deferred tax liabilities (net)	25	4,391	4,113
(d) Other non-current liabilities	16	229	229
Total Non-current liabilities (2)		41,586	41,113
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	14,063	13,886
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		148	45
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		22,152	20,339
(iii) Lease liabilities	33	22	-
(iv) Other financial liabilities	14	8,688	9,008
(b) Provisions	15	355	275
(c) Income tax liabilities (net)	25	602	756
(d) Other current liabilities	16	4,200	6,306
Total Current liabilities (3)		50,230	50,615
Total Liabilities (4=2+3)		91,816	91,728
TOTAL EQUITY AND LIABILITIES (1+4)		1,93,875	1,76,111
Corporate information and significant accounting policies	1		
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Consolidated statement of profit and loss

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	For the year ended 31 st March 2020	For the year ended 31 st March 2019
I Revenue from operations	17	1,17,515	1,21,755
II Other income	18	403	288
III Total Income (I + II)		1,17,918	1,22,043
IV Expenses			
(a) Cost of materials consumed	19	20,473	19,929
(b) Purchase of stock-in-trade		3,237	2,595
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(982)	1,356
(d) Employee benefit expenses	21	6,487	5,875
(e) Finance costs	22	6,099	6,339
(f) Depreciation and amortisation expense	23	7,887	6,570
(g) Power and fuel expenses		30,918	36,276
(h) Freight and forwarding		22,375	25,246
(i) Other expenses	24	16,457	15,537
Total Expenses		1,12,951	1,19,723
V Profit before tax (III - IV)		4,967	2,320
VI Tax expense			
(a) Current tax	25	850	874
(b) Deferred tax (net)	25	1,464	87
Total Tax expense		2,314	961
VII Profit after tax (V - VI)		2,653	1,359
VIII Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement loss on the defined benefit plan		(60)	(286)
(ii) Income tax relating to items that will not be reclassified to profit or loss in subsequent years		21	100
Other comprehensive income for the year, net of tax		(39)	(186)
IX Total comprehensive income for the period (VII + VIII)		2,614	1,173
Profit for the year attributable to;			
Shareholders of the company		2,671	1,359
Non-controlling interest	41	(18)	-
		2,653	1,359
Total comprehensive income for the year attributable to ;			
Shareholders of the company		2,632	1,173
Non-controlling interest	41	(18)	-
		2,614	1,173
X Earnings per share (Face value of ₹ 10 per share)			
Basic and Diluted	34	12.36	6.66
Corporate information and significant accounting policies	1		
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

R. Soundararajan
Company Secretary

Place: Hyderabad
Date: 29th May 2020

S. Sreekanth Reddy
Joint Managing Director

K. Prasad
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at 31 st March 2018	2,040
Changes in equity share capital during the year	-
Balance at 31st March 2019	2,040
Changes in equity share capital during the year	188
Balance at 31st March 2020	2,228

B. Other equity

Particulars	Reserves and surplus				Other items of other comprehensive income	Money received against share warrants	Non-controlling interests	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings				
Balance as at 31 st March 2018	35	32,007	3,598	40,236	4	-	-	75,880
Profit for the year	-	-	-	1,359	-	-	-	1,359
Dividend on equity shares (including tax)	-	-	-	(369)	-	-	-	(369)
Other comprehensive income for the year (net of tax ₹ 100)	-	-	-	-	(186)	-	-	(186)
Other adjustments	-	-	-	1	-	-	-	1
Money received against share warrant (Refer Note 36)	-	-	-	-	-	5,658	-	5,658
Balance as at 31st March 2019	35	32,007	3,598	41,227	(182)	5,658	-	82,343
Profit for the year	-	-	-	2,671	-	-	(18)	2,653
Dividend on equity shares (including tax)	-	-	-	(615)	-	-	-	(615)
Other comprehensive income for the year (net of tax ₹ 21)	-	-	-	-	(39)	-	-	(39)
Minority interest on account business combination	-	-	-	-	-	-	5,411	5,411
Money received against share warrant (Refer Note 36)	-	-	-	-	-	10,266	-	10,266
Allotment of equity shares upon conversion of warrants (Refer Note 36)	-	-	-	-	-	(188)	-	(188)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	-	13,500	-	-	-	(13,500)	-	-
Balance as at 31st March 2020	35	45,507	3,598	43,283	(221)	2,236	5,393	99,831

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: 29th May 2020

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Consolidated statement of cash flows

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
A Cash flow from operating activities		
Profit after tax for the year	2,653	1,359
Adjustments for:		
Tax expense	2,314	961
Depreciation and amortisation expense	7,887	6,570
Finance costs	6,099	6,339
Interest income	(139)	(198)
Liabilities no longer required written off	(52)	(38)
Expected credit loss allowance	278	332
Unrealised loss on foreign currency transactions and translation	220	(158)
Net gain on fair value change in financial instruments	(172)	-
(Profit)/loss on sale of property, plant and equipment (net)	(33)	60
Advances written off	150	-
Incentives from government	(1,072)	(473)
	15,480	13,395
Operating profit before working capital changes	18,133	14,754
Changes in working capital		
Adjustments for (increase)/decrease in operating assets:		
Trade receivables	(2,003)	(2,635)
Inventories	2,921	(5,010)
Other financial assets	(196)	(503)
Other assets	1,998	(15)
	2,720	(8,163)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	1,086	6,899
Other financial liabilities	1,343	(505)
Provisions	260	97
Other liabilities	(2,345)	599
	344	7,090
Cash generated from operating activities	21,197	13,681
Less: Income tax paid	(992)	(381)
Net cash generated from operating activities	20,205	13,300
B Cash flow from investing activities		
Capital expenditure on property, plant and equipment including capital advances	(22,786)	(19,537)
Deposits not considered as cash and cash equivalents		
- Placed	(2,317)	(2,252)
- Matured	2,654	2,747
Proceeds from disposal of plant and equipment	66	26
Investment made during the year	(444)	-
Interest received	129	334
Net cash used in investing activities	(22,698)	(18,682)

Consolidated statement of cash flows (contd.)

for the year ended 31st March 2020

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
C Cash flow from financing activities		
Proceeds from issue of share warrants	-	5,658
Proceeds on allotment of equity shares upon conversion of warrants	10,266	-
Proceeds from non-current borrowings	19,590	4,234
Proceeds from loan from others	38	1,000
Repayment of loan from related party	-	(100)
Repayment of non-current borrowings	(21,870)	(3,524)
Repayment of lease liability	(142)	-
(Repayment)/ proceeds from current borrowings (net)	(27)	2,360
Finance costs	(6,248)	(6,184)
Dividend paid including tax	(615)	(371)
Net cash generated from financing activities	992	3,073
Net increase in cash and cash equivalent (A+B+C)	(1,501)	(2,309)
Cash and cash equivalent at the beginning of the year	1,791	4,100
Cash and Cash equivalent at the end of the year (Refer Note 9)	290	1,791
Note:		
Cash and cash equivalents comprises of:		
Cash in hand	10	3
Balances with banks	280	88
Deposits with banks	-	1,700
Cash and cash equivalents (Refer Note 9)	290	1,791

Reconciliations of liabilities from financing activities:

Particulars	As at 1 st April 2019	Proceeds	Repayment	Fair value changes	Business Combination	As at 31 st March 2020
Long term borrowings (including current portion)	37,976	19,628	(21,870)	(20)	192	35,906
Short term borrowings	13,886	1,825	(1,852)	-	204	14,063
Total liabilities from financing activities	51,862	21,453	(23,722)	(20)	396	49,969

Particulars	As at 1 st April 2018	Proceeds	Repayment	Fair value changes	Business Combination	As at 31 st March 2019
Long term borrowings (including current portion)	36,366	5,234	(3,624)	-	-	37,976
Short term borrowings	11,526	2,360	-	-	-	13,886
Total liabilities from financing activities	47,892	7,594	(3,624)	-	-	51,862

Reconciliation of lease liability as on 31st March 2020 (31st March 2019: NIL):

Particulars	As at 1 st April 2019	Proceeds	Repayment	Fair value changes	Business Combination	As at 31 st March 2020
Lease liabilities	-	408	12	(142)	-	278

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020

Place: Hyderabad
Date: 29th May 2020

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

1. Corporate information and significant accounting policies

(a) Corporate Information:

Sagar Cements Limited ("the Company/ Parent") and its wholly owned subsidiary Sagar Cements (R) Limited, Jajpur Cements Private Limited and its Subsidiary Satguru Cement Private Limited (together referred to as "the Group") are engaged in the business of manufacture and sale of cement and generation of power for sale and captive consumption. The name of the wholly owned subsidiary was changed from BMM Cements Limited to Sagar Cements (R) Limited with effect from 28th March 2017.

(b) Significant accounting policies

i) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India (SEBI).

ii) Basis of preparation and presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for net realisable value in

Ind AS 2 or value in use in Ind AS 36 that have some similarities to fair value but are not fair value.

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

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

iii) Functional and Presentation currency

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

Rounding of amounts

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

iv) Use of estimates and Judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of estimation, uncertainty and critical judgements in applying accounting

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- **Depreciation on property, plant and equipment and amortisation of intangible assets**

Depreciation on property, plant and equipment and amortisation of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

- **Defined benefit plans**

The liabilities and costs for defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

- **Evaluation of recoverability of deferred tax assets**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Fair value measurement of Financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of

judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Provisions and contingencies**

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

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

- **Expected credit losses**

The Group makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

v) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has ability to use its power to affect its returns.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

When necessary, adjustments are made to the financial statements of the subsidiaries to

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

bring their accounting policies into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Name of the entity	Investee relationship		Country of Incorporation	Ownership held by	% of Holding and voting power held directly	
	31 st March 2020	31 st March 2019			As at 31 st March 2020	As at 31 st March 2019
Sagar Cements (R) Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	100%	100%
Jajpur Cements Private Limited	Subsidiary	-	India	Sagar Cements Limited	100%	-
Satguru Cement Private Limited	Subsidiary	-	India	Sagar Cements Limited	65%	-

vi) Business combination

The Group accounts for its business combinations under acquisition method of accounting. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange of control of the acquiree. Acquisition related costs are generally recognised in consolidated statement of profit and loss as incurred.

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

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

Measurement period adjustments

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts

are adjusted through goodwill during the measurement period (not more than one year from acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

vii) Non-controlling interests ("NCI")

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

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

viii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ix) Revenue recognition

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

Generation of Power

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

Dividend and interest income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time

basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

x) Borrowing costs

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

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

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

xi) Government grants

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

- a) The Group will comply with the conditions attached to them; and
- b) The grant will be received.

xii) Employee benefits

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

Defined Contribution Plans

The Group's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

required to be made and when services are rendered by the employees.

Defined Benefit Plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

xiii) Taxation

Income tax expense represents the sum of current tax and deferred tax.

Current tax

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

enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

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

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

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

xiv) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates,

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Freehold land is not depreciated.

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

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

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

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

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

In case of the Subsidiary company Sagar Cements (R) Limited, depreciation has been provided on straight-line method for all the class of depreciable assets as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of asset	Useful lives
Plant and machinery other than continuous process plant	3 - 5 years
Electrical Equipment (Plant & Machinery)	15 years

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

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

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

Land-Restoration:

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows.

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

The site restoration provision before exploitation of the raw materials has commenced is included in Property, Plant and Equipment and depreciated over the life of the related asset.

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

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

xv) Intangible assets

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

xvi) Inventories

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

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

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

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

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

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

xviii) Foreign currency transactions and translations

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

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

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

xix) Segment Reporting

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

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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

xx) Financial Instruments

(A) Initial recognition

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(B) Subsequent measurement

a. Financial assets carried at amortised cost:

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

b. Financial assets at fair value through other comprehensive income:

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

c. Financial assets at fair value through profit or loss:

A financial asset which is not classified in any of the above categories

are subsequently fair valued through profit or loss.

d. Derivative Financial Instruments:

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

e. Financial liabilities:

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

(C) De-recognition of financial assets and liabilities

a. Financial assets:

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

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

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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

b. Financial liabilities:

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

xxi) Impairment of assets

a. Financial assets:

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

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

b. Non-financial assets:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For

the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

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

xxii) 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.

xxiii) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end

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All amounts are in ₹ Lakhs unless otherwise stated

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

xxiv) Leases

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

Effective 1st April 2019, the Group adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April 2019 using the modified retrospective method and has recorded right of use asset equal to lease liability, on the date of initial application. Accordingly, comparatives for the year ended 31st March 2019 have not been retrospectively adjusted.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset

or assets, even if that right is not explicitly specified in an arrangement.

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

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

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

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

xxv) Operating cycle

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

(xxvi) New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April 2020.

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

2. Property, plant and equipment

Particulars	As at 31 st March 2020	As at 31 st March 2019
Land - freehold	9,793	9,793
Land - restoration	172	184
Buildings	22,129	18,924
Plant and machinery	81,117	74,895
Furniture and fittings	215	227
Office and other equipment	1,513	1,488
Electrical installations	6,064	5,847
Computers	68	64
Vehicles	501	592
Railway siding	5,569	5,818
Total	1,27,141	1,17,832

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2019-20

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross Block											
Opening balance	9,793	229	26,056	99,162	860	4,857	10,748	362	1,395	6,684	1,60,146
Add: Additions	-	-	4,306	10,445	44	341	1,153	34	74	-	16,397
Add: Additions through business combination	-	-	544	-	-	-	-	-	-	-	544
Less: Disposals	-	-	-	32	-	-	25	-	139	-	196
Balance as at 31st March 2020	9,793	229	30,906	1,09,575	904	5,198	11,876	396	1,330	6,684	1,76,891
II. Accumulated depreciation											
Opening Balance	-	45	7,132	24,267	633	3,369	4,901	298	803	866	42,314
Add: Depreciation expense	-	12	1,640	4,204	56	316	935	30	152	249	7,594
Add: Additions through business combinations	-	-	5	-	-	-	-	-	-	-	5
Less: Eliminated on disposal of assets	-	-	-	13	-	-	24	-	126	-	163
Balance as at 31st March 2020	-	57	8,777	28,458	689	3,685	5,812	328	829	1,115	49,750
Net block (I-II)											
Carrying value as at 31 st March 2020	9,793	172	22,129	81,117	215	1,513	6,064	68	501	5,569	1,27,141
Carrying value as at 31 st March 2019	9,793	184	18,924	74,895	227	1,488	5,847	64	592	5,818	1,17,832

For the year 2018-19

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross Block											
Opening balance	8,917	229	20,386	83,608	754	4,184	8,256	319	1,137	6,684	1,34,474
Add: Additions	876	-	5,670	15,652	106	673	2,504	43	292	-	25,816
Less: Disposals	-	-	-	98	-	-	12	-	34	-	144
Balance as at 31st March 2019	9,793	229	26,056	99,162	860	4,857	10,748	362	1,395	6,684	1,60,146
II. Accumulated depreciation											
Opening Balance	-	33	5,818	20,646	583	3,129	4,191	261	696	617	35,974
Add: Depreciation expense	-	12	1,314	3,644	50	240	716	37	136	249	6,398
Less: Eliminated on disposal of assets	-	-	-	23	-	-	6	-	29	-	58
Balance as at 31st March 2019	-	45	7,132	24,267	633	3,369	4,901	298	803	866	42,314
Net block (I-II)											
Carrying value as at 31 st March 2019	9,793	184	18,924	74,895	227	1,488	5,847	64	592	5,818	1,17,832
Carrying value as at 31 st March 2018	8,917	196	14,568	62,962	171	1,055	4,065	58	441	6,067	98,500

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

3. Intangible assets

Particulars	As at 31 st March 2020	As at 31 st March 2019
Computer software	23	24
Mining rights	5,893	2,686
Total	5,916	2,710

For the year 2019-20

Particulars	Computer Software	Mining rights	Total
I. Gross Block			
Opening Balance	304	3,276	3,580
Add: Additions on account of business combination	-	3,371	3,371
Add: Additions	-	-	-
Less: Disposals	-	-	-
Balance as at 31st March 2020	304	6,647	6,951
II. Accumulated amortisation			
Opening Balance	280	590	870
Add: Amortisation expense	1	164	165
Less: Eliminated on disposal of assets	-	-	-
Balance as at 31st March 2020	281	754	1,035
Net block (I-II)			
Carrying value as at 31 st March 2020	23	5,893	5,916
Carrying value as at 31 st March 2019	24	2,686	2,710

For the year 2018-19

Description of Assets	Land-freehold	Land-restoration	Buildings
I. Gross Block			
Opening Balance	304	3,276	3,580
Add: Additions	-	-	-
Less: Disposals	-	-	-
Balance as at 31st March 2019	304	3,276	3,580
II. Accumulated amortisation			
Opening Balance	272	426	698
Add: Amortisation expense	8	164	172
Less: Eliminated on disposal of assets	-	-	-
Balance as at 31st March 2019	280	590	870
Net block (I-II)			
Carrying value as at 31 st March 2019	24	2,686	2,710
Carrying value as at 31 st March 2018	32	2,850	2,882

4. Right of use assets

Particulars	As at 31 st March 2020	As at 31 st March 2019
Buildings	155	-
Leasehold land	1,021	-
Total	1,176	-

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2019-20

Particulars	Buildings	Leasehold land	Total
I. Gross Block			
Opening Balance	-	-	-
Add: Reclassified on account of adoption of Ind AS 116	-	648	648
Add: Recognised on adoption of Ind AS 116	292	391	683
Add: Additions	-	-	-
Less: Deletion	-	-	-
Balance as at 31st March 2020	292	1,039	1,331
II. Accumulated depreciation			
Opening Balance	-	-	-
Add: Depreciation expense	137	18	155
Balance as at 31st March 2020	137	18	155
Net block (I-II)			
Carrying value as at 31 st March 2020	155	1,021	1,176
Carrying value as at 31 st March 2019	-	-	-

5. Other financial assets (Unsecured, considered good)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Non-current		
Security deposits	1,553	1,832
Balances held as margin money deposit against borrowings	106	252
Total	1,659	2,084
Current		
Security deposits	91	188
Advances to employees	66	42
Interest accrued but not due	65	75
Derivatives designated in hedge accounting relationship	172	-
Total	394	305
Total other financial assets	2,053	2,389

6. Other assets (Unsecured, considered good)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Non-current		
Capital advances	8,340	1,175
Advances to suppliers and service providers	59	-
Prepaid expenses	169	171
Balances with government authorities	148	-
Total	8,716	1,346
Current		
Advances to suppliers and service providers	638	1,768
Advances to related parties (Refer Note 32)	7	2
Prepaid expenses	1,030	333
Balances with government authorities	528	174
Excise duty refund receivable	194	194
Incentives receivable from government (Refer Note 37)	2,398	1,533
Advance to others	-	554
Total	4,795	4,558
Total other assets	13,511	5,904

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
Raw materials	1,117	971
Coal	3,563	6,549
Work-in-progress	2,255	1,502
Stores and spares	2,470	1,925
Packing materials	407	438
Finished goods	1,413	1,184
Total (A)	11,225	12,569
Goods-in-transit:		
Raw materials	-	9
Coal	353	1,890
Packing materials	-	31
Finished goods	2	2
Total (B)	355	1,932
Total inventories (A+B)	11,580	14,501

8. Trade receivables

Particulars	As at 31 st March 2020	As at 31 st March 2019
Trade receivables considered good - Secured	3,317	656
Trade receivables considered good - Unsecured	10,361	10,905
Trade receivables - credit impaired	817	527
Sub-total	14,495	12,088
Less: Expected credit loss allowance	(817)	(527)
Total trade receivables	13,678	11,561

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix. The ageing of the receivables is as follows:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Within the credit period	9,728	8,061
1-30 days past due	1,535	1,493
31-60 days past due	538	425
61-90 days past due	259	457
91-180 days past due	504	381
More than 180 days past due	1,931	1,271
Total	14,495	12,088

Movement in expected credit loss allowance

Particulars	2019-20	2018-19
Balance at the beginning of the year	527	195
Add: Expected credit loss allowance	290	332
Balance at the end of the year	817	527

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

9. Cash and cash equivalents

Particulars	As at	As at
	31 st March 2020	31 st March 2019
Cash in hand	10	3
Balances with banks	280	88
Deposits with banks	-	1,700
Total Cash and cash equivalents	290	1,791

10. Other bank balances

Particulars	As at	As at
	31 st March 2020	31 st March 2019
Unpaid dividend account	58	62
Margin money deposits (Refer note below)	927	1,097
Total Other bank balances	985	1,159

Note:

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

11. Equity share capital

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each	2,20,00,000	2,350	2,20,00,000	2,200
Preference shares of ₹ 10 each	-	-	-	-
Total	2,20,00,000	2,350	2,20,00,000	2,200
Issued, subscribed and fully paid up:				
Equity shares ₹ 10 each	2,22,75,000	2,228	2,04,00,000	2,040
Total	2,22,75,000	2,228	2,04,00,000	2,040

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

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	No. of shares	Amount	No. of shares	Amount
Opening balance	2,04,00,000	2,040	2,04,00,000	2,040
Allotment of equity shares upon conversion of warrants	18,75,000	188	-	-
Closing balance	2,22,75,000	2,228	2,04,00,000	2,040

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

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.

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

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	No. of shares	% of holding	No. of shares	% of holding
S. Veera Reddy	-	-	16,43,795	8.06%
S. Aruna	13,69,545	6.15%	13,69,545	6.71%
Rachana Sammidi	11,67,183	5.24%	11,67,183	5.72%
Dr. S. Anand Reddy	13,06,524	5.87%	13,06,524	6.40%
S. Sreekanth Reddy	12,39,353	5.56%	12,38,753	6.07%
HDFC Trustee Company Limited - Prudence Fund	13,09,820	5.88%	13,06,000	6.40%
AVH Resources India Private Limited	43,58,704	19.57%	35,83,704	17.57%

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

- (d) During the year 2019-20, the Company converted 18,75,000 warrants into equal number of equity shares. (Refer Note 36)

12. Other equity

Particulars	As at 31 st March 2020	As at 31 st March 2019
Capital reserve	35	35
Securities premium	45,507	32,007
General reserve	3,598	3,598
Retained earnings	43,283	41,227
Other items for other in comprehensive income	(221)	(182)
Money received against share warrants	2,236	5,658
Total other equity	94,438	82,343

Movement in other equity is as follows:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Capital Reserve	35	35
Securities premium		
(i) Opening Balance	32,007	32,007
(ii) Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	13,500	-
	45,507	32,007
General Reserve	3,598	3,598
Retained earnings		
(i) Opening balance	41,227	40,236
(ii) Profit for the year	2,671	1,359
(iii) Other adjustments	-	1
	43,898	41,596
Less: Appropriations		
(i) Dividend on equity shares	510	306
(ii) Tax on dividend	105	63
	43,283	41,227
Other items of other comprehensive income		
(i) Opening Balance	(182)	4
(ii) Other comprehensive income	(39)	(186)
	(221)	(182)
Money received against share warrants (Refer Note 36)	2,236	5,658
Total	94,438	82,343

Nature of reserves:

- (a) **Capital reserve**
This represents subsidies received from the government.
- (b) **Securities premium**
Amounts received on issue of shares in excess of the par value has been classified as securities premium.
- (c) **General reserve**
This represents appropriation of profit by the company
- (d) **Retained earnings**
Retained earnings comprises of undistributed earnings after taxes.
- (e) **Other items of other comprehensive income**
Other items of other comprehensive income consist of re-measurement of net defined benefit liability.
- (f) **Money received against share warrants**
This represents the moneys received against the share warrants allotted.

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
(a) Debentures (Refer Note (ii) below)	10,384	12,692
(b) Term Loans (Refer Note (i) below and Note 38)	18,340	17,890
Total non-current borrowings	28,724	30,582

*Current maturities of non-current borrowings are disclosed under the head "Other financial liabilities".

Notes (i):

As at 31st March 2020

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	3,018	11 quarterly installments	8.65%
Axis Bank Limited (Refer Note 2 below)	1,533	37 monthly installments	9.20%
The Federal Bank Limited (Refer Note 3 below)	3,624	22 quarterly installments	9.00%
Axis Bank Limited (Refer Note 4 below)	2,292	17 quarterly installments	9.20%
Yes Bank Limited (Refer Note 4 below)	300	12 quarterly installments	10.40%
Axis Bank Limited (Refer Note 4 below)	3,980	25 quarterly installments	9.20%
State Bank of India (Refer Note 5 below)	3,299	25 quarterly installments	9.15%
Axis Bank Limited (Refer Note 6 below)	3,553	36 quarterly installments	10.15%
Vehicle loans from various banks/financial institutions (Refer Note 7 below)	447	6 - 33 monthly installments	7.98% to 9.50%
Less: Current maturities of non-current borrowings	(3,706)		
	18,340		

As at 31st March 2019

Bank	Loan outstanding	Terms of repayment	Rate of interest
ICICI Bank Limited (Refer Note 1 below)	4,131	15 quarterly installments	9.35%
Yes Bank Limited (Refer Note 2 below)	2,000	48 monthly installments	10.40%
Yes Bank Limited (Refer Note 3 below)	4,142	25 quarterly installments	11.65%
Yes Bank Limited (Refer Note 4 below)	2,877	21 quarterly installments	11.25%
Yes Bank Limited (Refer Note 4 below)	400	16 quarterly installments	10.40%
Yes Bank Limited (Refer Note 4 below)	4,377	28 quarterly installments	10.40%
State Bank of India (Refer Note 5 below)	3,599	28 quarterly installments	9.50%
Vehicle loans from various banks/financial institutions (Refer Note 7 below)	493	1 - 37 monthly installments	7.97% to 10.50%
Less: Current maturities of non-current borrowings	(4,129)		
	17,890		

Notes:

- Term loan is secured by pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
- Term loan is secured by pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future excluding fixed assets pertaining to grinding unit at Bayyavaram and plant and equipment of Waste heat recovery power plant at Mattampally, and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
- Term loan is secured by pari-passu charge on the property, plant and equipment (including mining land) owned by or belonging to the company (Sagar Cements (R) Limited), both present and future, and by a second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Director and corporate guarantee of Sagar Cements Limited and First pari-passu charge on shares of Sagar Cements (R) Limited held by Sagar Cements Limited subject to RBI Guidelines.
- Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram near Vishakhapatnam, Andhra Pradesh both present and future and by second charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
- Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

- Term loan is secured by pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company (Jajpur Cements Private Limited) both present and future, hypothecation of all rights, title and interests of the borrower under all plant documents, contracts, insurance policies, permits/ approvals etc related to the plant, to which the borrower is party and can be legally assigned, 30% pledge on total equity share capital of the company including CCD's and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director and corporate guarantee of Sagar Cements Limited.
- Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.
- As per RBI Circulars DOR.No.BP.BC.47/21.04.048/2019-20 and DOR.No.BP.BC.63/21.04.048/2019-20 dated 27th March 2020 and 17th April 2020 respectively, relating to the COVID-19 Regulatory Package, the Company availed moratorium of three months on the payment of interest on cash credit accounts, falling due between 1st March 2020 and 31st May 2020 from State Bank of India, Axis Bank Limited, HDFC Bank Limited and Federal Bank Limited. Further, the Company also availed moratorium of three months on the payment of installment and interest on term loan falling due between 1st March 2020 and 31st May 2020 from State Bank of India, Axis Bank Limited, HDFC Bank Limited and Federal Bank Limited.

Note (ii):

Non-Convertible Debentures (NCD) have been issued to International Finance Corporation (IFC). A total of 1,500 NCD's have been issued (₹ 10 Lakhs each) aggregating ₹ 15,000. Interest payable on the NCD's is @11.60%. The NCD's were issued on 23rd March 2016. Interest is payable at half yearly rest with effect from 31st May 2016. Repayment for the NCD's are to be made in 13 equal half yearly installments of ₹ 1,154 starting from May 2019 onwards. The Company has paid two installments during the current year. The NCD's are secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy, Joint Managing Director. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's. As per the agreement with the IFC, Company's obligation towards debt and interests from Holding Company are subordinate to the payment due to IFC against the NCD's.

Particulars	As at 31 st March 2020	As at 31 st March 2019
Current borrowings (at amortised cost)		
Loans repayable on demand		
Cash credit facilities (Refer Notes below and Note 38)	14,063	13,886
Total secured borrowings	14,063	13,886

Notes:

- The Company has availed cash credit facilities from State bank of India. This facility is secured against all current assets, present and future, and by second charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.85% p.a. to 9.50% p.a. (2018-19: 9.45% p.a. to 10.25% p.a.)
- The Company has availed cash credit facilities from Axis Bank Limited. This facility is secured against all current assets, present and future, and by second charge on the property, plant and equipment of the Company (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit) and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.45% p.a. (2018-19: Nil). During the financial year, the Company transferred its cash credit facilities from Yes Bank Limited to Axis Bank Limited.
- The Company has availed cash credit facilities from HDFC Bank Limited. This facility is secured against all current assets, present and future, and by second charge on the entire property, plant and equipment of the Company including land and building, and post dated cheques aggregating ₹ 1,000 from any working capital banker and personal guarantee by S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.40% p.a. to 8.90% p.a. (2018-19: 8.10% p.a. to 9.30% p.a.).
- The Sagar Cements (R) Limited has availed cash credit facilities from State bank of India. This facility is secured against all current assets, present and future, and by second charge on entire property, plant and equipment of the Sagar Cements (R) Limited including land and building and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The loans are repayable on demand and carries interest @ 10.65% p.a. to 11.05% p.a. (2018-19: 10.45% p.a. to 11.05% p.a.).
- The Sagar Cements (R) Limited has availed cash credit facilities from The Federal Bank Limited. This facility is secured against all current assets, present and future, and by second charge on property, plant and equipment (movable and immovable, including mining land) of the Sagar Cements (R) Limited, present and future, and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 8.95% p.a. (2018-19: Nil.). During the financial year, the Company transferred its cash credit facilities from Yes Bank Limited to Federal Bank Limited.

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

14. Other financial liabilities

Particulars	As at 31 st March 2020	As at 31 st March 2019
Non-current		
Security deposits received	5,848	4,501
Loan from others	55	58
Loans from related party	1,113	900
Total	7,016	5,459
Current		
Current maturities of non-current borrowings	6,014	6,436
Interest accrued but not due on borrowings	733	898
Unpaid dividends	58	62
Payables on purchase of property, plant and equipment	1,883	1,612
Total	8,688	9,008
Total other financial liabilities	15,704	14,467

15. Provisions

Particulars	As at 31 st March 2020	As at 31 st March 2019
Gratuity (Refer Note 30)	954	710
Compensated absences (Refer Note 30)	371	295
Total provisions	1,325	1,005
Non-current		
Gratuity	693	506
Compensated absences	277	224
Total	970	730
Current		
Gratuity	261	204
Compensated absences	94	71
Total	355	275

16. Other liabilities

Particulars	As at 31 st March 2020	As at 31 st March 2019
Non-current		
Liability for land restoration	229	229
Total	229	229
Current		
Advance from customers	2,659	3,913
Statutory remittances	1,530	2,393
Advance from others	11	-
Total	4,200	6,306
Total other liabilities	4,429	6,535

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

17. Revenue from operations

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Revenue from		
- Sale of cement (Refer Note 42)	1,15,841	1,20,493
- Sale of power	152	539
Other operating income		
- Sale of scrap	159	153
- Sale of coal	249	-
- Incentives received from government (Refer Note 37)	1,072	473
- Insurance claims	36	69
- others	6	28
Total revenue from operations	1,17,515	1,21,755

18. Other income

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Interest Income on financial assets at amortised cost	139	198
Rent received from employees	7	-
Profit on sale of property, plant & equipment	33	-
Liabilities no longer required written back	52	38
Net gain on foreign currency transactions and translation	-	52
Net gain on fair value change in financial instruments	172	-
Total other income	403	288

19. Cost of materials consumed

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Opening stock	971	745
Add: Purchases	20,619	20,155
Less: Closing stock	1,117	971
Total cost of materials consumed	20,473	19,929
Details of materials consumed		
Limestone	5,998	9,564
Laterite	2,735	2,502
Iron-ore sludge	726	1,146
Gypsum	1,622	1,950
Fly ash	1,635	1,846
Clinker Purchased	92	90
Slag and others	7,665	2,831
Total	20,473	19,929

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

20. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Inventories at the beginning of the year:		
Finished goods	1,184	400
Work-in-progress	1,502	3,642
	2,686	4,042
Inventories at the end of the year:		
Finished goods	1,413	1,184
Work-in-progress	2,255	1,502
	3,668	2,686
Net (increase)/ decrease	(982)	1,356

21. Employee benefit expenses

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Salaries and wages, including bonus	5,376	4,674
Contribution to provident and other funds	581	442
Staff welfare expenses	633	759
Less: Employee benefits transferred to CWIP	(103)	-
Total employee benefit expenses	6,487	5,875

22. Finance costs

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Interest expense	5,201	5,802
Less: Borrowing costs on qualifying assets capitalised	(208)	(303)
Other borrowing cost	1,106	840
Total finance cost	6,099	6,339

23. Depreciation and amortisation expense

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Depreciation of property, plant and equipment	7,594	6,398
Depreciation on right of use assets	155	-
Amortisation of intangible assets	165	172
Less: Depreciation transferred to CWIP	(27)	-
Total depreciation and amortisation	7,887	6,570

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

24. Other expenses

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Packing materials consumed	4,634	5,391
Stores and spares consumed	3,024	2,524
Repairs and maintenance		
Plant & equipment	1,837	1,854
Buildings	133	94
Others	854	732
Selling expenses	2,819	2,247
Expected credit loss allowances	278	332
Advances written off	150	-
Rent	147	277
Insurance	162	230
Rates and taxes	244	224
Expenditure on corporate social responsibility	84	122
Payment to Auditors (Refer Note (i) below)	79	53
Traveling and conveyance	414	410
Security services	268	248
Donations and contributions	222	52
Legal and other professional	603	586
Administrative expenses	230	213
Printing and stationery	35	39
Communication	68	74
Net Loss on foreign currency transactions and translation	244	-
Directors sitting fees	14	17
Miscellaneous expenses	15	17
Loss on sale of property, plant and equipments	-	60
Captive consumption of Cement	(101)	(259)
Total other expenses	16,457	15,537

Note:

Payment to Auditors (net of taxes) comprises:

For audit	57	36
For limited reviews	12	12
For other services	9	3
Reimbursement of expenses	1	2
Total	79	53

25. Income tax expense

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
(a) Income tax recognised in the Statement of Profit & Loss		
Current Tax:		
In respect of the current year	850	874
	850	874
Deferred Tax		
In respect of current year origination and reversal of temporary differences	1,464	961
MAT Credit	-	(874)
	1,464	87
Total tax expense	2,314	961

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
(b) Reconciliation of estimated income tax expense at Indian Statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:		
Profit before tax	4,967	2,320
Indian Statutory Income Tax Rate	34.94%	34.94%
Expected income tax expense	1,735	811
Tax effect of expenses that are not deductible in determining taxable profit	579	150
Total Income tax expense	2,314	961

Reconciliation of effective tax rate:

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Profit/ (loss) before tax (A)	4,967	2,320
Statutory tax rate in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	1,735	811
Permanent difference		
Effect on income disallowed under Income Tax Act, 1961	(12)	(3)
Effect on expenses disallowed under Income Tax Act, 1961	112	165
Effect on change in depreciation while filing Income tax return	(183)	(54)
Effect on change in Income tax rate	680	-
Others	(18)	42
Total	579	150
At the effective income tax rate	2,314	961
Total Tax expense	2,314	961

Movement in deferred tax assets and liabilities for the year 2019-20:

Particulars	Opening balance	(Recognised)/ reversed through the statement of profit and loss	Recognised through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	17,508	42	-	17,550
Provision for employee benefits	(352)	(76)	(21)	(449)
Expected credit loss allowance	(184)	(93)	-	(277)
MAT credit entitlement	(3,864)	(850)	-	(4,714)
Carry forward unabsorbed depreciation and business losses	(12,120)	2,418	-	(9,702)
Others	(159)	23	-	(136)
Total Deferred tax liability (Net)	829	1,464	(21)	2,272

Movement in deferred tax assets and liabilities for the year 2018-19:

Particulars	Opening balance	(Recognised)/ reversed through the statement of profit and loss	Recognised through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	14,965	2,543	-	17,508
Provision for employee benefits	(206)	(46)	(100)	(352)
Expected credit loss allowance	(66)	(118)	-	(184)
MAT credit entitlement	(2,990)	(874)	-	(3,864)
Carry forward unabsorbed depreciation and business losses	(10,664)	(1,456)	-	(12,120)
Others	(197)	38	-	(159)
Total Deferred tax liability (Net)	842	87	(100)	829

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

Gross deferred tax assets and liabilities are as follows:

As at 31 st March 2020	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(6,710)	10,840	17,550
Provision for employee benefits	46	(403)	(449)
Expected credit loss allowance	34	(243)	(277)
MAT credit entitlement	-	(4,714)	(4,714)
Carry forward of unabsorbed depreciation and business losses	8,732	(970)	(9,702)
Others	17	(119)	(136)
Total	2,119	4,391	2,272

As at 31 st March 2019	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(8,090)	9,418	17,508
Provision for employee benefits	49	(303)	(352)
Expected credit loss allowance	16	(168)	(184)
MAT credit entitlement	-	(3,864)	(3,864)
Carry forward of unabsorbed depreciation and business losses	11,309	(811)	(12,120)
Others	-	(159)	(159)
Total	3,284	4,113	829

Income tax assets and liabilities

Particulars	As at 31 st March 2020	As at 31 st March 2019
Income tax assets (Net of provision of ₹ 4,873 (2018-19: ₹ 4,873))	465	102
Income tax liabilities (Net of advance tax and TDS receivable for an amount of ₹ 768 (2018-19: ₹ 379))	602	756
Net Income tax liabilities	(137)	(654)

26. COVID-19 is an infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the World Health Organisation declared COVID-19 a pandemic.

The Government of India, declared a lockdown on 23rd March 2020 in the light of the outbreak of COVID-19, on account of which the Group suspended its operations from 23rd March 2020. The Group has been taking various precautionary measures to protect its employees and their families from the COVID-19 pandemic. Operations have been resumed, subsequent to the year end, from 4th May 2020, wherein the Group has taken all necessary safety measures as laid down by the government for the purpose.

The Group has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial statements in determining the possible effects on the carrying amounts of Goodwill on consolidation, Inventories, receivables, deferred tax assets and other current assets, that may result from the COVID-19 pandemic. The Group has used the elements of prudence in applying the judgments and assumptions, including sensitivity analysis, and based on current estimates expects the carrying amount of these assets will be recovered. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

27. Contingent liabilities, corporate guarantees and capital commitments

a) Contingent Liabilities:

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

(i) Claims against the Company not acknowledged as debt:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Direct taxes related	1,928	636
Indirect taxes related	1,315	1,096
Others	428	428

(ii) The Finance Minister of Government of India has announced, in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from 1st July 2010. As advised by the legal experts the Company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,612 (As at 31st March 2019: ₹ 1,612) from July 2010 to September 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 1,601 was reversed, but under protest. The balance of ₹ 11 pertains to penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the group.

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

b) Corporate Guarantees:

Entity	Particulars	Guarantee provided to	As at 31 st March 2020	As at 31 st March 2019
Sagar Cements (R) Limited	1,500 Non-Convertible Debentures (₹ 10 Lakhs each) Limited	IDBI Trusteeship Services	15,000	15,000
Sagar Cements (R) Limited	Credit facilities and term loans	Federal Bank Limited	4,643	6,000
Jajpur Cements Private Limited	Term loan from Axis Bank Limited	Axis Bank Limited	20,000	-
Satguru Cement Private Limited	Term loan from Indus Ind Bank Limited	Axis Trustee Services Limited	27,500	-
Total			67,143	21,000

c) Capital Commitment:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	48,428	666

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	148	45
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act.	-	-

29. Financial Instruments:

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

A) Capital Management:

The group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the group consists of net debt (borrowings as detailed in Notes 13 & 14 offset by cash and bank balances) and total equity of the group. The group is not subject to any externally imposed capital requirements. The group's management reviews the capital structure of the group on a monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
Debt (Refer Note below)	49,969	51,862
Cash and bank balances	1,275	2,950
Net debt	48,694	48,912
Total equity	1,02,059	84,383
Net debt to equity ratio	0.48	0.58

Note:

Debt is defined as current and non-current borrowings as described in Notes 13 and 14.

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

B) Financial assets and liabilities:

The carrying value and fair value of financial instruments by categories as at 31st March 2020 and 31st March 2019 is as follows:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Financial assets		
Measured at amortised cost		
(i) Trade receivables	13,678	11,561
(ii) Cash and cash equivalents	290	1,791
(iii) Other bank balances	985	1,159
(iv) Other financial assets	2,053	2,389
Total Financial assets	17,006	16,900
Financial liabilities		
Measured at amortised cost		
(i) Borrowings	48,801	50,904
(ii) Trade payables	22,300	20,384
(iii) Lease liabilities	278	-
(iv) Other financial liabilities	9,690	8,031
Total Financial liabilities	81,069	79,319

There are no financial assets and financial liabilities measured at fair value through profit and loss and fair value through other comprehensive income.

C) Financial risk management objectives:

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

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

i) Market risk:

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

Interest rate risk management:

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

Interest rate sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group's: Profit for the year ended 31st March 2020 would decrease/increase by ₹ 250 (for the year ended 31st March 2019: decrease/increase by ₹ 257). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

ii) Credit risk management:

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The group does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year.

D) Liquidity Risk Management:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they become due. The group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the group has unutilised credit limits with banks. The group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March 2020 and 31st March 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

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

Financing facilities:

Particulars	As at 31 st March 2020	As at 31 st March 2019
Secured bills acceptance facility, reviewed annually		
- amount used	8,158	4,292
- amount unused	2,342	6,208
Total	10,500	10,500
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	14,063	13,886
- amount unused	3,137	3,314
Total	17,200	17,200
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	33,938	22,019
- amount unused	35,555	16
Total	69,493	22,035
Secured non-convertible debentures		
- amount used	12,692	15,000
- amount unused	-	-
Total	12,692	15,000

The details regarding the contractual maturities of significant financial liabilities as at 31st March 2020 are as follows:

Particulars	< 1 Year	1 - 2 years	> 2 years
Trade Payables	22,300	-	-
Lease liabilities	22	161	95
Other financial liabilities	2,674	411	6,605
Borrowings (including current maturities of non-current borrowings)	20,077	6,274	22,450

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

The details regarding the contractual maturities of significant financial liabilities as at 31st March 2019 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	20,384	-	-
Other financial liabilities	2,572	337	5,122
Borrowings (including current maturities of non-current borrowings)	20,322	6,264	24,318

E) Foreign currency forward and option contracts outstanding as at the Balance Sheet date:

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	5	54,66,364	3,988	Buy	Rupees

30. Employee benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 314 (2018-19: ₹ 265). In the financial year 2019-20, as the project is under implementation, provident fund expenditure of ₹ 5 relating to Jajpur Cements Private Limited and Satguru Cement Private Limited transferred to CWIP.

Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administered by Life Insurance Corporation of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 37 (2018-19: ₹ 33).

Employee State Insurance

The group makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognised during the year aggregated ₹ 6 (2018-19: ₹ 10).

(ii) Defined benefit plan:

Gratuity:

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

The following table sets out the funded status of the gratuity plan and the amounts to be recognised in the financial statements as per actuarial valuation as at 31st March 2020 and 31st March 2019:

Notes to the consolidated financial statements

All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	6.65% - 6.76%	7.65%
Expected rate of return on plan asset	7.50% - 7.65%	7.80%/8.09%
Expected average remaining working lives of employees	15.53 years	15.57 years
Rate of escalation in salary	10%	10%
Attrition rate	10%	10%

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

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Amount recognised in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	176	119
Interest expense	98	59
Other adjustments	2	-
Expected return on plan assets	(47)	(34)
Defined benefit cost included in profit and loss	229	144
Re-measurement effects recognised in Other Comprehensive Income (OCI):		
Actuarial loss	60	286
Components of defined benefit costs recognised in OCI	60	286

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

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Present value of funded defined benefit obligations	1,455	1,174
Fair value of plan assets	(501)	(464)
Net liability arising from defined benefit obligation	954	710

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

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Defined benefit obligation at the beginning of the year	1,174	816
Current service cost	176	119
Interest cost	98	59
Re-measurements - Actuarial loss	60	286
Benefits paid out of plan assets and by employer	(53)	(106)
Defined benefit obligation at the year end	1,455	1,174

- e) Maturity profile of defined benefit obligation:

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Within 1 year	261	204
1 - 2 years	167	163
2 - 3 years	166	150
3 - 4 years	151	124
4 - 5 years	152	124
5 - 10 years	554	493

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All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Opening fair value of the plan assets	464	476
Expected return on plan assets	47	34
Contributions from the employer	42	43
Benefits paid out of plan assets	(52)	(89)
Re-measurement – Actuarial loss	-	-
Acquisition Adjustment/ New Policy/Premium Expenses	-	-
Fair value of plan asset at the year end	501	464

g) Sensitivity Analysis:

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

Particulars	For the year ended 31 st March 2020		For the year ended 31 st March 2019	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	1,308	1,458	1,089	1,208
Effect of 1% change in assumed salary rate	1,454	1,308	1,208	1,086
Effect of 1% change in assumed attrition rate	1,368	1,391	1,138	1,153

The group is expected to contribute ₹ 876 Lakhs to its defined benefit plans during the next financial year.

Compensated absences:

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

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

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Discount Rate	6.65% - 6.76%	7.65%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

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

31. Segment Reporting:

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

The Group has identified business segments as its reportable segment. Business segments are primarily cement manufacturing segment and power generation segment. No operating segments have been aggregated in arriving at the reportable segments of the Group. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been

Notes to the consolidated financial statements

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disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Property, plant and equipment is being allocated to reportable segment distinctly identified to power is allocated to power segment and remaining is allocated to cement segment.

Particulars	Manufacturing of cement		Power generation		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	1,17,364	1,21,220	8,701	8,377	1,26,065	1,29,597
Less: Inter-segment revenue	-	-	8,550	7,842	8,550	7,842
Total	1,17,364	1,21,220	151	535	1,17,515	1,21,755
Segment result	11,072	9,051	(145)	(680)	10,927	8,371
Unallocable:						
- Finance Costs					6,099	6,339
- Interest income					(139)	(288)
Profit before taxes					4,967	2,320
Tax expense					(2,314)	(961)
Profit for the year					2,653	1,359
Segment assets	1,52,738	1,52,305	33,234	13,270	1,85,972	1,65,575
Un-allocable assets					7,903	10,536
Total assets					1,93,875	1,76,111
Segment liabilities	35,117	32,955	946	1,082	36,063	34,037
Un-allocable liabilities					55,753	57,691
Total liabilities					91,816	91,728

Revenue from major Customers:

The Group is not reliant on revenues from transactions with any single external customer and did not receive 10% or more of its revenues from transactions with any single customer for the year ended 31st March 2020 and 31st March 2019.

32. Related Party Disclosures:

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

Name	Relationship
Key managerial personnel (KMP):	
Swaminatha Reddy Onteddu	Chairman of the Board of Directors
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Kolappa Thanu Pillai	Director
Nagesh Reddy	Nominee Director
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Bertrand	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
Relatives of KMP:	
S. Vanajatha	Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
RV Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence
AVH Resources India Private Limited	Enterprise where a director of Sagar Cements Limited is a director

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

Nature of transaction	Party name	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Purchase of packing materials	Panchavati Polyfibres Limited	4,777	5,208
Purchase of property, plant and equipment	Sagar Power Limited	-	2,648
	RV Consulting Services Private Limited	733	-
	Total	733	2,648
Purchase of stores	Sagar Power Limited	-	42
Rent expenses paid	Dr. S. Anand Reddy	39	39
	S. Sreekanth Reddy	39	39
	S. Vanajatha	39	39
	Total	117	117
Interest expense on loan	Sagar Power Limited	99	76
Services received	Sagarsoft (India) Limited	42	42
	RV Consulting Services Private Limited	499	1,612
	Total	541	1,654
Reimbursement of expenses received	Sagarsoft (India) Limited	16	17
	RV Consulting Services Private Limited	7	4
	Panchavati Polyfibres Limited	2	-
	Total	25	21
Repayment against loan taken	Sagar Power Limited	-	100
Receipt of advance given	RV Consulting Services Private Limited	-	60
Received against warrant conversion	RV Consulting Services Private Limited	6,023	2,829
	AVH Resources India Private Limited	4,243	2,829
	Total	10,266	5,658

Compensation to key managerial personnel:

Nature of transaction	Party Name	For the period ended 31 st March 2020	For the year ended 31 st March 2019
Short-term benefits	MD, JMD, ED, CS and CFO	664	698
Other benefits	Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	14	108

Outstanding balances:

Nature of the balance	Party Name	As at 31 st March 2020	As at 31 st March 2019
Advances & deposits given	Sagar Power Limited	1	12
	RV Consulting Services Private Limited	6	-
	Sagarsoft (India) Limited	-	1
	Total	7	13
Trade payables	Sagarsoft (India) Limited	1	-
	Panchavati Polyfibres Limited	737	415
	Total	738	415
Interest payable	Sagar Power Limited	11	24
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	88	650
Capital advances	RV Consulting Services Private Limited	4,539	-
Rent payable	Dr. S. Anand Reddy	-	4
	S. Sreekanth Reddy	-	4
	S. Vanajatha	-	4
	Total	-	12
Outstanding warrants	RV Consulting Services Private Limited (4.00 (2018-19: 15.50) Lakhs warrants)	2,190	8,486
	AVH Resources India Private Limited (7.75 (2018-19: 15.50) Lakhs warrants)	4,243	8,486
	Total	6,433	16,972

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33. Operating Lease

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

Operating lease commitments

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

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

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

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1st April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April 2019 using the modified retrospective method and has recorded right of use asset equal to lease liability, on the date of initial application. Accordingly, comparatives for the year ended 31st March 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 1,331 and a lease liability of ₹ 408.

Following are the changes in the carrying value of right of use assets for the year ended 31st March 2020

Particulars	For the year ended 31 st March 2020
Balance as at 1 st April 2019	-
Reclassification on adoption of Ind AS 116	648
Recognition on adoption of Ind AS 116	683
Depreciation	(155)
Closing Balance	1,176

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

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The following is the movement in lease liabilities during the year ended 31st March 2020

Particulars	For the year ended 31 st March 2020
Recognition on adoption of Ind AS 116	408
Finance cost accrued during the year	12
Payment of lease liabilities	(142)
Closing Balance	278

The following is the break-up of current and non-current lease liabilities as at 31st March 2020

Particulars	For the year ended 31 st March 2020
Non-current lease liabilities	256
Current lease liabilities	22
Total	278

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2020 on discounted basis

Particulars	For the year ended 31 st March 2020
Within one year	22
After one year but not more than five years	191
More than 5 years	65

34. Earnings per Share

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Profit after tax (₹ in Lakhs)	2,653	1,359
Weighted average number of equity shares outstanding (Refer Note below)	21,471,653	20,400,000
Earnings per share:		
Basic and Diluted (in ₹)	12.36	6.66

Note:

The convertible share warrants allotted by the Company are anti-dilutive in nature.

35. Corporate social responsibility (CSR) activities:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities are covered under Schedule VII to the Companies Act, 2013. The group has spent an amount of ₹ 84 (2018-19: ₹ 122) towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under 'Other Expenses'.

36. During the previous year, Parent made a preferential allotment of 31,00,000 convertible warrants of ₹ 730 each to promoter and non-promoter entities on 24th January 2019 and received 25% of the consideration of ₹ 5,658 upon allotment of such warrants. The objective of raising funds through preferential allotment was to invest in Satguru Cement Private Limited (SCPL) and Jajpur Cements Private Limited (JCPL) for setting up a green field integrated cement plant of 1 million T per annum capacity along with a provision for Waste Heat Recovery power plant at Indore and for setting up of a cement grinding plant of 1.5 million T per annum at Odisha respectively and for other general corporate purposes.

During the year ended 31st March 2020, the warrant holders opted to convert 18,75,000 warrants to equal number of equity shares and basis of this 75% of the consideration against warrants as converted of ₹ 10,266 was received.

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The entire amount was utilised for the purposes for which funds were raised. The consideration of ₹ 2,236 received during the previous year ended 31st March 2019 against the outstanding warrants pending conversion to equity shares as at 31st March 2020 are disclosed under Money received against share warrants under 'Other equity'.

Consequently, Parent acquired 100% equity stake in JCPL on 2nd May 2019 for a consideration of ₹ 450 and subsequently infused ₹ 3,450 as additional equity into JCPL in the current year.

Further, Parent also invested an amount of ₹ 15,000 in SCPL on 8th May 2019, for acquiring 28,97,143 equity shares (face value of ₹ 10 each at a premium of ₹ 507.75) allotted to the Company on preferential basis, which constitutes 65% equity stake in SCPL. Of the said investment, the Company has disbursed ₹ 8,900 and the balance amount of ₹ 6,100 is disclosed as deferred consideration payable.

37. Parent is eligible for reimbursement of sales tax against sales made in the state of Andhra Pradesh and reimbursement of power consumption charges, in respect of expansion of grinding unit at Bayyavaram Unit. Such reimbursements are in the nature of government grants and recognised income aggregating ₹ 1,072 (2018-19: ₹ 473) under 'Other operating income'.
38. Parent and its subsidiary Sagar Cements (R) Limited has transferred its term loans from Yes Bank Limited to Axis Bank Limited, ICICI Bank Limited to HDFC Bank Limited and Yes Bank Limited to Federal Bank Limited for optimisation of interest during the financial year 2019-20. Details are as below:

Previous bank	Present bank	Amount (₹ In Lakhs)
Yes Bank Limited - TL 1	Axis Bank Limited - TL 1	2,591
Yes Bank Limited - TL 2	Axis Bank Limited - TL 2	4,162
Yes Bank Limited - TL 3	Axis Bank Limited - TL 3	1,750
ICICI Bank Limited	HDFC Bank Limited	3,572
Yes Bank Limited	Federal Bank Limited	3,643

Parent and its subsidiary Sagar Cements (R) Limited has also transferred its working capital facilities of ₹ 3,200 Lakhs with Yes Bank Limited to Axis Bank Limited and ₹ 2,500 Lakhs with Yes Bank Limited to Federal Bank Limited for optimisation of interest rate.

39. Following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power held directly	
				As at 31 st March 2020	As at 31 st March 2019
Sagar Cements (R) Limited	Subsidiary	India	Sagar Cements Limited	100%	100%
Jajpur Cements Private Limited	Subsidiary	India	Sagar Cements Limited	100%	-
Satguru Cement Private Limited	Subsidiary	India	Sagar Cements Limited	65%	-

40. Goodwill arising on acquisition of Satguru Cement Private Limited and Jajpur Cements Private Limited

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On 8th May 2019, Sagar Cements Limited acquired 65% stake in Satguru Cement Private Limited by way of subscribing to 289 Lakhs equity shares allotted on preferential basis. The total cost of acquisition was ₹ 15,000. The purchase price has been allocated based on management's estimates and independent appraisal of fair values. The goodwill has been determined as follows:

Particulars	Amount (₹)	Amount (₹)
Consideration paid		15,000
Assets		
Non-current	20,263	
Current	1,615	
	21,878	
Liabilities		
Non-current	235	
Current	1,456	
	1,691	
Less: Net assets of Satguru Cement Private Limited as on 8 th May 2019		20,187
Less: Non-controlling interest as on 8 th May 2019		5,411
Goodwill on Consolidation		224

On 2nd May 2019, Sagar Cements Limited acquired 100% stake in Jajpur Cements Private Limited. The total cost of acquisition was ₹ 450. The goodwill has been determined as follows:

Particulars	Amount (₹)	Amount (₹)
Consideration paid		450
Assets		
Non-current	818	
Current	355	
	1,173	
Liabilities		
Non-current	46	
Current	742	
	788	
Less: Net assets of Jajpur Cements Private Limited as on 2 nd May 2019		385
Goodwill on Consolidation		65

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

As at and for the year ended 31st March 2020:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	107%	1,03,251	130%	3,473	108%	(42)	130%	3,431
Sagar Cements (R) Limited (Subsidiary)	6%	5,710	(19)%	(501)	(8)%	3	(19)%	(498)
Satguru Cement Private Limited (Subsidiary)	16%	15,409	(0)%	(11)	-	-	(0)%	(11)
Jajpur Cement Private Limited (Subsidiary)	4%	4,031	(2)%	(57)	-	-	(2)%	(57)
Adjustments arising out of consolidation	(27)%	(26,342)	(8)%	(215)	-	-	(8)%	(215)
Non-controlling interests	(6)%	(5,393)	(1)%	(18)	-	-	(1)%	(18)
Total	100%	96,666	100%	2,671	100%	(39)	100%	2,632

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As at and for the year ended 31st March 2019:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	107%	90,169	196%	2,662	89%	(165)	213%	2,497
Sagar Cements (R) Limited (Subsidiary)	7%	6,208	(84)%	(1,139)	11%	(21)	(99)%	(1,160)
Adjustments arising out of consolidation	(14)%	(11,994)	(12)%	(164)	-	-	(14)%	(164)
Total	100%	84,383	100%	1,359	100%	(186)	100%	1,173

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

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Revenue as per Contract price	1,32,730	1,31,920
Less: Discounts and incentives	(16,889)	(11,427)
Revenue as per statement of profit and loss	1,15,841	1,20,493

- The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.
- The Company does not provides performance warranty for products, therefore there is no liability towards performance warranty.
- The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

43. For the financial year 2018-19, the Board of Directors had recommended a dividend of ₹ 2.50 per equity share of ₹ 10 each, the said amount was paid during the year.

44. These consolidated financial statements were approved by the Company's Board of Directors on 29th May 2020.

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: 29th May 2020