SAGAR CEMENTS (R) LIMITED

11th Annual Report

2017-18

BOARD OF DIRECTORS

Shri O.Swaminatha Reddy	Chairman – Independent & Non Executive
Shri S.Veera Reddy	Managing Director
Dr.S.Anand Reddy	Director
Shri S.Sreekanth Reddy	Director
Ms.S.Sahithi	Executive Director
Shri K.Thanu Pillai	Independent & Non Executive
Shri V.H.Ramakrishnan	Independent & Non Executive

COMPANY SECRETARY	Shri R.Soundararajan
CHIEF FINANCIAL OFFICER	Shri K.Prasad
AUDITORS	M/s.Deloitte Haskins & Sells Chartered Accountants (FR NO.008072S) KRB Towers, Plot No 1 to 4 & 4A, 1st, 2nd & 3rd Floor, Jubilee Enclave, Madhapur, Hyderabad, Telangana – 500 081, India. Ph: +91 40 7125 3600
COST AUDITORS	M/s.GNV & Associates Cost Accountants (FR No.000150) 8, I Floor, 4th Main Road, (Next to Indian Bank) Chamarajpet, Bangalore-560 018 Ph: + 91 80-41157020
BANKERS	State Bank of India Yes Bank Limited
DEBENTURE TRUSTEE	IDBI Trusteeship Services Limited Ground Floor, Asian Building, R.Kamani Marg, Ballard Estate, Mumbai - 400 001. Phone: 022 40807022
REGISTERED OFFICE	19/13, Old # 19/5, 19/6, 3rd Floor, Western Side Kareem Towers, S.R.T.Roard, (Cunningham Road) Bangalore-560 052. Karnataka Website: www.sagarcements-r.in, e-mail: info-r@sagarcements.in
CORPORATE IDENTITY NUMBER	U40300KA2007PLC043746
PLANT	Gudipadu Village and Post Yadaki Mandal, Ananthapur District Andhra Pradesh-515 408 Tel: 08558 200272

SAGAR CEMENTS (R) LIMITED

CIN: U40300KA2007PLC043746

(Formerly known as BMM Cements Limited)

(A wholly-owned subsidiary of Sagar Cements Limited)

NOTICE

N**otice** is hereby given that the Eleventh Annual General Meeting of Sagar Cements (R) Limited will be held on Thursday, the 20th September 2018 at 11.00 a.m. at the Registered Office of the company at 19/13, Old No.19/5, 19/6, 3rd Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru – 560052 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2018 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution as an ordinary resolution.

   "Resolved that the audited Financial Statements of the Company for the year ended 31st March, 2018 together with the reports of the auditors and directors thereon be and are hereby received, considered, approved and adopted."

2. To re-appoint the retiring director, Shri S.Sreekanth Reddy (DIN: 00123889), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an ordinary resolution.

   "Resolved that Shri S.Sreekanth Reddy **(**DIN: 00123889) who retires by rotation in accordance with Section 152 of the Companies, Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation."

Special Business

3. Ratification of remuneration payable to the Cost Auditors

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**Resolved that** pursuant to Section 148(3) and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the payment of remuneration of ₹ 1,25,000/- plus reimbursement of actual travel and out of pocket expenses and applicable taxes to the Cost Auditors of the company namely, M/s.GNV & Associates., Cost Accountants, Bengaluru, (Firm Registration No.000150), to conduct the audit of the cost records of the company for the financial year ending 31st March, 2018."

By Order of the Board of Directors

Hyderabad
19th July, 2018

R.Soundararajan
Company Secretary

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

Notes:

1. The Explanatory Statement setting out material facts concerning the business under Item No.3 in the Notice is given in the Annexure-1, which forms part of this Notice.

2. The details required to be given in respect of reappointment of director is given in the Annexure-2, which forms part of this Notice.

3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the said proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the company, duly completed and signed, not less than forty eight hours before the commencement of the meeting.

4. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

5. Members are requested to notify the company of the change, if any, in their address, quoting their registered folio number.

6. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the company during normal business hours (9.30 a.m. to 6.00 p.m.) on all working days except Saturdays and Sundays, up to the date of the Annual General Meeting of the Company.

By Order of the Board of Directors

Hyderabad
19th July, 2018

R.Soundararajan
Company Secretary

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

Annexure to the Notice of the 11th Annual General Meeting

Annexure 1

Statement pursuant to Section 102 (1) of the Companies Act 2013

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No.3 of the accompanying Notice dated 19th July 2018.

On Item No.3

The Board, on the recommendation of its Audit Committee, has approved the appointment of M/s.GNV & Associates as Cost Auditors for the Financial Year 2018-19 on a remuneration as detailed in the resolution submitted in Item No.3 of the Notice.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.3 of the Notice for payment of remuneration as mentioned in the resolution to the Cost Auditors for the financial year ending March 31, 2019.

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

By Order of the Board of Directors

Hyderabad
19th July, 2018

R.Soundararajan
Company Secretary

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

Annexure 2

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

Name of the Director	**Shri S.Sreekanth Reddy**
Date of birth	27.08.1971
Experience in specific functional areas	Cement Technologist
Qualification	B.E. (I & P) and PG Diploma in cement technology
Directorships in other Companies	Sagar Cements Limited
	Sagar Power Ltd.
	Sagarsoft (India) Ltd.
	Sagar Priya Housing & Industrial Enterprises Ltd.
	Super Hydro Electric Pvt.Ltd.
	SPL Renewable Energy Pvt.Ltd.
	Sree Venkateswara Winery and Distillery Pvt.Ltd.
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Nil
No. of shares held in the company	1 (As nominee of Sagar Cements Limited, holding company)
Inter-se relationship with other Directors of the Company	Related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Director and Ms.S.Sahithi, Executive Director

By Order of the Board of Directors

Hyderabad
19th July, 2018

R.Soundararajan
Company Secretary

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

Directors Report

To,

The Members,

Your Directors have pleasure in presenting their Eleventh Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2018.

Financial and Business Performance

The Company's financial performance for the year ended March 31, 2018 is summarized below:

(₹ in Lakhs)

Particulars	**Year ended 31.03.2018**	Year ended 31.03.2017
Revenue	**34,375**	34,313
Earnings Before Interest, Depreciation, Taxation & Amortization (EBIDTA)	**3,129**	5,145
Finance Cost	**4,137**	5,167
Depreciation & Amortization	**1,868**	1,795
Exceptional Items	**-**	-
Profit Before Taxation (PBT)	**(2,876)**	(1,817)
Provision for current tax	**729**	341
Profit After Taxation (PAT)	**(2,147)**	(1,476)

Performance of the Company

The company has reported a net revenue of ₹ 34,375 lakhs as against ₹ 34,313 lakhs in the previous year. The EBITDA of the company stood at ₹ 3,129 lakhs for the year under review as against ₹ 5,145 lakhs for the previous year. The net loss stood at ₹ 2,147 lakhs for the year under review as against a net loss of ₹ 1,476 lakhs in the previous year.

During the year under review, the cement production was 7,04,531 MTs compared to 6,69,342 MTs in the previous year. Power generated by the company during the year under review was 1,78,866 MWH as against 1,54,370 MWH in the previous year.

Dividend

In view of the absence of profit, your Directors have not recommended any dividend for the financial year ended 31st March, 2018.

Share Capital

There was no change in the share capital of your company.

Future outlook

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

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

Deposits

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

Particulars of loans, guarantees or investments under Section 186

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

Internal Control Systems and their adequacy

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

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

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

a) Conservation of Energy

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

i. Rationalization of usage of electrical equipments– air-conditioning system, office illumination, desktops.

ii. Regular monitoring of temperature inside the buildings and controlling the air-conditioning System.

iii. Usage of energy efficient illumination fixtures.

b) Technology Absorption:

Efforts made for technology absorption	Nil
Benefits derived	Nil
Expenditure on Research & Development, if any	Nil
Details of technology imported, if any	Nil
Year of import	Nil

Whether imported technology fully absorbed	Nil
Areas where absorption of imported technology has not taken place, if any	Nil

c) **Foreign Exchange Earnings/ Outgo:**

Earnings	Nil
Outgo	Nil

Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri S.Sreekanth Reddy will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself, for re-appointment. Accordingly, a resolution seeking the approval of the members for the said re-appointment has been incorporated in the notice of the annual general meeting of the company.

None of the other non-executive directors has had any pecuniary relationship or transactions with the company, other than the receipt of sitting fee for the meetings of the Board and Committees thereof attended by them.

Independent Directors Declaration

The company has received the necessary declaration from each Independent Director in accordance with Section 149 (7) of the Companies Act 2013, that he meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act 2013.

Policy on Performance Evaluation

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

The policy for selection of Directors and determining Director's independence of the Company is available on the company's web site, www.sagarcements-r.in.

Remuneration Policy

The Board on the recommendation of the Nomination & Remuneration Committee has framed a remuneration policy for Directors, Key Managerial Personnel and other employees. The remuneration policy for Directors, Key Managerial Personnel and other employees is available on the company's web site, www.sagarcements-r.in.

Meetings

During the year, 5 Board Meetings and 4 Audit Committee Meeting were held.

Audit Committee:

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

Nomination & Remuneration Committee:

The Nomination & Remuneration Committee comprises of Shri K.Thanu Pillai, Shri O.Swaminatha Reddy and Shri V.H.Ramakrishnan, all independent directors, as members. All recommendations made by the Nomination & Remuneration Committee were accepted by the Board.

Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2017-18 are available in the prescribed format, AOC-2 (**Annexure-1)** to this report.

Code of Conduct

The Board of Directors has approved a code of conduct for the Board Members, Key Managerial Personnel & Senior Management personnel. The code lays down the standard procedure of business conduct which is expected to be followed. All Board Members, Key Managerial Personnel and Senior Management personnel have confirmed compliance with the code.

Vigil Mechanism:

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

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

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

Risk Management

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

Auditors and Auditors' Report

Statutory Auditors

M/s.Deloitte Haskins & Sells, Chartered Accountants (FR No.008072S) were appointed as Statutory Auditors of the company at the 9th Annual General Meeting held on 24th September, 2016, to hold office from the conclusion of the said Annual General Meeting till the conclusion of the 14th Annual General Meeting. Though the said appointment was required to be ratified at every general meeting under Section 139, in accordance with the Companies Amendment Act 2017, enforced from 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every annual general meeting anymore.

Cost Auditors

M/s.GNV & Associates, Cost Auditors (FR No.000150) have been appointed as Cost Auditors of the company for the financial year ending 31st March, 2019. A resolution seeking member's ratification of the remuneration payable to the Cost Auditors has been included in the notice of the AGM. The reports submitted by the Cost Auditors are filed with the appropriate authorities.

Secretarial Auditors

The Board had appointed M/s B S S & Associates, Company Secretaries to conduct Secretarial Audit for the financial year 2017-18 and the Secretarial Audit Report submitted by them is given in the **Annexure-2** to this report.

Extract of Annual Return

Extract of Annual Return of the Company is given as **Annexure-3** to this report.

Subsidiaries, Joint Ventures or Associate Companies

Company is a wholly-owned subsidiary of Sagar Cements Limited. It does not have any subsidiary, associate companies or joint ventures.

Particulars of Employees and related disclosures

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

Human resource development and Industrial Relations

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

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

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

Sexual Harassment

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

General

Your Directors state that:

1. No Material changes and commitments, has occurred affecting the financial position of the company between the end of the financial year of the company to which the financial statements relate and the date of the report.

2. No significant and material orders has been passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Directors' Responsibility Statement

Your Directors state that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;

iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the Directors have prepared the annual accounts on a going concern basis;

v. the Directors have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively;

vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Acknowledgements

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

For and on behalf of the Board of Directors of

Place: Hyderabad
Date: 19th July, 2018

O.Swaminatha Reddy
Chairman

Form No. AOC-2

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

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

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

   Sagar Cements (R) Limited has not entered into any contract or arrangement or transaction with its related parties which is not in its ordinary course of business or at arm's length during financial year 2017-18.

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

   There were no material contracts or arrangements or transactions within related parties during the financial year 2017-18.

On behalf of the Board of Directors

Hyderabad
19th July, 2018

O.Swaminatha Reddy
Chairman

Annexure-2

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended on March 31, 2018

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ***M/s. Sagar Cements (R) Limited*** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of ***M/s. Sagar Cements (R) Limited's*** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by *M/s. Sagar Cements (R) Limited* for the financial year ended on March 31, 2018 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the audit period)**

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company during the audit period)**

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d. The Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; **(Not applicable to the Company during the audit period)**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the audit period)**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period)**

6) Employees Provident Fund and Miscellaneous Provisions Act, 1952;

7) Employees State Insurance Act, 1948;

8) Employers Liability Act, 1938;

9) Environment Protection Act, 1986 and other environmental laws;

10) Equal Remuneration Act, 1976;

11) Factories Act, 1948;

12) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003;

13) Maternity Benefits Act, 1961;

14) Minimum Wages Act, 1948;

15) Negotiable Instruments Act, 1881;

16) Payment of Bonus Act, 1965;

17) Payment of Gratuity Act, 1972;

18) Payment of Wages Act, 1936 and other applicable labour laws;

19) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:

   i. Cement Cess Rules, 1993;

   ii. Cement (Quality Control) Order, 1995;

   iii. Environmental (Protection) Act, 1986 Read with Environmental Protection Rules, 1986;

   iv. The Hazardous Wastes (Managements Handling and Transboundry Movement) Rules, 2008;

   v. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;

   vi. Water (Prevention & Control of Pollution) Cess Act, 1977;

   vii. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;

   viii. The Noise Pollution (Regulation And Control) Rules, 2000;

   ix. Mines Act, 1952 and Rules issued thereunder;

   x. Mines and Mineral (Regulation and Development) Act, 1957;

   xi. The Electricity Act, 2003;

   xii. National Tariff Policy;

   xiii. Essential Commodities Act, 1955;

   xiv. Explosives Act, 1884; and

   xv. Indian Boilers Act, 1923.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The other changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notice was given to all directors to schedule the Board Meetings and agenda with detailed notes there on were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous.

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

We further report that during the year under our audit no event having a major bearing on the Company's affairs occurred.

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

S.Srikanth
Partner
ACS No.: 22119
C P No.: 7999

Place: Hyderabad
Date: 14th May, 2018

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

'Annexure A'

To

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, that we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is not an assurance as to the future viability of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

S.Srikanth
Partner
ACS No.: 22119
C P No.: 7999

Place: Hyderabad
Date: 14th May, 2018

Annexure-3

Form No. MGT -9

Extract of Annual Return as on the financial year ended March 31, 2018

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

I. Registration and other details:

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

II. Principal Business Activities of the Company:

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

Sl. No.	Name and Description of main products /services	NIC Code of the product /service	% of total turnover of the Company
I	Cement	23941	87.26%
II	Power	351	12.74%

III. Particulars of Holding, Subsidiary and Associate Companies:

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

(i) Category-wise Shareholding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoter									
(1)	Indian/HUF									
	a) Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Bodies Corporate	10,38,12,925	Nil	10,38,12,925	100%	10,38,12,925	Nil	10,38,12,925	100%	Nil
	e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	f) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	SUB-TOTAL (A) (1)	10,38,12,925	Nil	10,38,12,925	100%	10,38,12,925	Nil	10,38,12,925	100%	Nil
(2)	Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	a) NRIs Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Other-Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	SUB-TOTAL (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	TOTAL SHAREHOLDING OF PROMOTER(A)=(A)(1)+(A)(2)	10,38,12,925	Nil	10,38,12,925	100%	10,38,12,925	Nil	10,38,12,925	100%	Nil
B.	Public Shareholding									
1.	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) State Govts.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
	f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	h) Foreign Venture Capital Finds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	i) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	SUB-TOTAL (B) (1)									
2.	Non-Instituions									
	a) Bodies Corporate									
	i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Individuals									
	i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh*	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	SUB-TOTAL (B) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	TOTAL SHAREHOLDING OF PUBLIC (B)=(B) (1) + (B) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C.	Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total (A+B+C)	**10,38,12,925**	**Nil**	**10,38,12,925**	**100%**	**10,38,12,925**	**Nil**	**10,38,12,925**	**100%**	**Nil**

ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year (As on 01-04-2017)			No. of Shares held at the end of the year (As on 31-03-2018)			% change in share holding during the year
	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	
Sagar Cements Limited	10,38,12,919	100	100%	10,38,12,919	100	100%	100
S.Veera Reddy (Nominee of Sagar Cements Ltd.)	1	-	-	1	-	-	-
S.Vanajatha (Nominee of Sagar Cements Ltd.)	1	-	-	1	-	-	-
Dr.S.Anand Reddy (Nominee of Sagar Cements Ltd.)	1	-	-	1	-	-	-
S.Aruna (Nominee of Sagar Cements Ltd.)	1	-	-	1	-	-	-
S.Sreekanth Reddy (Nominee of Sagar Cements Ltd.)	1	-	-	1	-	-	-
S.Rachana (Nominee of Sagar Cements Ltd.)	1	-	-	1	-	-	-

iii) Change in Shareholding of Promoters

	Shareholding at the beginning of the year (As on 01-04-2017)		Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
	No. of shares	% of total shares of the Company	No. of shares	% Change during the year
At the beginning of the year	10,38,12,925	100.00	10,38,12,925	100.00
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	0	0	0	0
At the end of the year	10,38,12,925	100.00	10,38,12,925	100.00

iv) Shareholding pattern of top ten-shareholders (Other than Directors, promoters and Holders of GDRs and ADRs – There are no shareholders otherthan the promoters.

v) Shareholding of Directors and Key Managerial personnel - Nil

V. Indebtedness

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

(₹ in Lakhs)

Particulars	Secured Loan excluding deposits	Unsecured Loan	Deposits	Total Indebtedness
I. Indebtedness at the beginning of the financial year				
i. Principal Amount	32,589.00	31.00	577.00	33,197.00
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	4,270.00		-	4,270.00
Total (i+ii+iii)	**36,859.00**	**31.00**	**577.00**	**37,467.00**
Change in Indebtedness during the financial year				
Addition	-	2,500.00	457.94	2,957.94
Reduction	1,843.00		330.44	2,173.44
Net Change	(1,843.00)	2,500.00	127.50	784.50
ii. Indebtedness at the end of the financial year				
i. Principal Amount	29,726.00	2,500.00	736.00	32,962.00
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	4,495.00		-	4,495.00
Total (i+ii+iii)	**34,221.00**	**2,500.00**	**736.00**	**37,457.00**

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in Lakhs)

Particulars	Managing Director	Whole-time Director
Gross Salary		
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	24.00
b) Value of perquisites u/s17(2) Income-tax Act,1961	Nil	-
c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	-
Stock Option	Nil	-
Sweat Equity	Nil	-
Commission as % of profit- others, specify	Nil	-
Others, please specify	Nil	-
Total (A)	Nil	24.00
Ceiling as per the Act (Schedule V)	Nil	24.00

B. Remuneration to other directors (In Rs.)

Particulars of Remuneration		Name of the Director			Total
		Sri O. Swaminatha Reddy	Sri K.Thanu Pillai	Sri VH Ramakrishnan	
1.	**Independent Director**				
	Fee for attending Board/ Committee meetings	1,00,000	1,00,000	1,00,000	3,00,000
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (1)	**1,00,000**	**1,00,000**	**1,00,000**	**3,00,000**
2.	**Non-Executive Director**				
	Fee for attending Board/ Committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others	-	-	-	
	Total (2)	**-**	**-**	**-**	**-**
	Total (B) (1+2)	**1,00,000**	**1,00,000**	**1,00,000**	**3,00,000**
	Total Managerial Remuneration	-	-	-	3,00,000
	Overall Ceiling as per the Act (Schedule V)	-	-	-	-

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

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

VII. Penalties/Punishment/Compounding of Offences:

There were no penalties, punishments or compounding of offences during the year ended March 31, 2018.

Deloitte Haskins & Sells
Chartered Accountants

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1st, 2nd & 3rd Floor,
Jubilee Enclave, Madhapur, Hyderabad-500 081
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INDEPENDENT AUDITORS' REPORT

To The Members of

SAGAR CEMENTS (R) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Sagar Cements (R) Limited (“the** Company”), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Ganesh Balakrishnan
Partner
(Membership No.201193)

Hyderabad, May 29, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' 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")

We have audited the internal financial controls over financial reporting of **Sagar Cements (R) Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ganesh Balakrishnan
Partner
(Membership No.201193)

Hyderabad, May 29, 2018

ANNEXURE “B” TO THE INDEPENDENT AUDITORS' REPORT

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under (iv) of the order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit falling under the purview of the provisions of section 73 to 76 of the Companies Act, 2013 during the year and does not have any unclaimed deposits, and hence reporting under clause (v) of the order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie,* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
Income Tax Act, 1961	Income Tax	Commissioner (Appeals)	2011-12	608	563
Sales Tax and Value Added Tax (VAT) Laws	Sales tax and VAT	High Court	2008-09 to 2010-11	80	80
Customs Act, 1962	Customs duty	CESTAT	2012-13	112	112
Central Excise Act, 1944	Excise duty	Commissioner (Appeals)	2012-14	306	306

There are no dues of Service tax, Entry tax and Goods and Services tax as on March 31, 2018 on account of disputes.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Ganesh Balakrishnan
Partner
(Membership No.201193)

Hyderabad, May 29, 2018

Sagar Cements (R) Limited

Balance Sheet as on March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	43,267	43,675
(b) Capital work-in-progress		332	369
(c) Intangible assets	3	17	26
(d) Financial assets			
- Other financial assets	4	370	635
(e) Deferred tax assets (net)	25	3,188	2,463
(f) Other non-current assets	5	137	68
Total Non-current assets (1)		**47,311**	**47,236**
Current assets			
(a) Inventories	6	2,734	3,739
(b) Financial assets			
(i) Trade receivables	7	3,411	3,449
(ii) Cash and cash equivalents	8	50	62
(iii) Bank balances other than (ii) above	9	113	179
(iv) Other financial assets	4	34	59
(c) Other current assets	5	1,401	1,446
Total Current assets (2)		**7,743**	**8,934**
Total Assets (1+2)		**55,054**	**56,170**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	10	10,381	10,381
(b) Other equity	11	(3,013)	(874)
Total equity (1)		**7,368**	**9,507**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	27,229	27,344
(ii) Other financial liabilities	13	3,295	608
(b) Provisions	14	66	37
(c) Other non-current liabilities	16	50	50
Total Non-current liabilities (2)		**30,640**	**28,039**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	1,949	3,761
(ii) Trade payables	15	5,840	6,357
(iii) Other financial liabilities	13	5,085	5,754
(b) Provisions	14	28	52
(c) Other current liabilities	16	4,144	2,700
Total Current liabilities (3)		**17,046**	**18,624**
Total Liabilities (4=2+3)		**47,686**	**46,663**
Total Equity and Liabilities (1+4)		**55,054**	**56,170**
Corporate information and significant accounting policies	1		
See accompanying notes forming part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2018

For and on Behalf of the Board of Directors

S.Veera Reddy
Managing Director

S.Sahithi
Executive Director

K.Prasad
Chief Financial Officer

R.Soundarajan
Company Secretary

Place : Hyderabad
Date : May 29, 2018

Sagar Cements (R) Limited

Statement of profit and loss for the year ended March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from operations	17	34,325	34,268
II	Other Income	18	50	45
III	**Total Revenue (I + II)**		**34,375**	**34,313**
IV	**EXPENSES**			
	(a) Cost of materials consumed	19	3,480	3,096
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	241	(162)
	(c) Excise duty	35	1,162	4,351
	(d) Employee benefit expenses	21	815	676
	(e) Finance costs	22	4,137	5,167
	(f) Depreciation and amortisation expense	23	1,868	1,795
	(g) Other expenses	24	25,548	21,207
	Total Expenses		**37,251**	**36,130**
V	**Loss before tax (III-IV)**		**(2,876)**	**(1,817)**
VI	**Tax Expense**			
	(a) Current tax	25	-	-
	(b) Deferred tax	25	(729)	(341)
	Total tax expense		**(729)**	**(341)**
VII	**Loss after tax (V-VI)**		**(2,147)**	**(1,476)**
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss Remeasurements of the defined benefit liabilities / (asset)		12	(29)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(4)	10
			8	**(19)**
IX	**Total Comprehensive loss for the year (VII + VIII)**		**(2,139)**	**(1,495)**
X	**Earnings per share (Face value of ₹ 10 each)**			
	Basic and Diluted	34	(2.40)	(1.57)
	Corporate information and significant accounting policies	1		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2018

For and on Behalf of the Board of Directors

S.Veera Reddy
Managing Director

S.Sahithi
Executive Director

K.Prasad
Chief Financial Officer

R.Soundarajan
Company Secretary

Place : Hyderabad
Date : May 29, 2018

Sagar Cements (R) Limited

Statement of changes in equity for the year ended March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at March 31, 2016	**10,381**
Changes in equity share capital during the year	-
Balance at March 31, 2017	**10,381**
Changes in equity share capital during the year	-
Balance at March 31, 2018	**10,381**

B. Other equity

Particulars	Reserves and surplus			Other items of other comprehensive income	Total other equity
	Securities premium account	Retained earnings	Deemed Capital contri-bution		
Balance as at March 31, 2016	**7,381**	**(17,495)**	**401**	**-**	**(9,713)**
Loss for the year	-	(1,476)	-	-	(1,476)
Deemed capital contribution during the year	-	-	10,334	-	10,334
Other comprehensive income for the year (net of tax ₹ 10)	-	-	-	(19)	(19)
Balance as at March 31, 2017	**7,381**	**(18,971)**	**10,735**	**(19)**	**(874)**
Loss for the year	-	(2,147)	-	-	(2,147)
Other comprehensive income for the year (net of tax ₹ 4)	-	-	-	8	8
Balance as at March 31, 2018	**7,381**	**(21,118)**	**10,735**	**(11)**	**(3,013)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2018

For and on Behalf of the Board of Directors

S.Veera Reddy
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Chief Financial Officer

R.Soundarajan
Company Secretary

Place : Hyderabad
Date : May 29, 2018

Sagar Cements (R) Limited

Statement of cash flows for the year ended March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
A. Cash flow from operating activities				
Loss after tax for the year		**(2,147)**		**(1,476)**
Adjustments for:				
Tax expense	(729)		(341)	
Depreciation and amortisation expense	1,868		1,795	
Finance costs	4,137		5,167	
Provision for doubtful trade receivables	20		-	
Interest income	(50)		(45)	
Loss on sale of plant and equipments	2	5,248	-	6,576
Operating profit before working capital changes		**3,101**		**5,100**
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	18		44	
Inventories	1,005		(1,256)	
Other financial assets	(26)		403	
Other assets	45	1,042	(272)	(1,081)
Adjustments for increase / (decrease) in operating liabilites:				
Trade payables	(517)		2,200	
Other financial liabilities	159		242	
Provisions	16		(7)	
Other liabilities	1,444	1,102	1,524	3,959
Cash generated from operating activities		**5,245**		**7,978**
Less: Income tax refund		-		18
Net cash generated from operating activities		**5,245**		**7,996**
B. Cash flow from investing activities				
Capital expenditure on property, plant and equipment including capital advances	(1,448)		(1,100)	
Deposits not considered as Cash and cash equivalents				
- Placed	-		(458)	
- Matured	303		-	
Proceeds from disposal of plant and equipments	2		-	
Interest received	51		57	
Net cash used in investing activities		**(1,092)**		**(1,501)**

C. Cash flow from financing activities				
Loan from holding company	2,500		-	
Proceeds from non-current borrowings	-		2,681	
Repayment of non-current borrowings	(1,887)		(3,449)	
Repayment loans from related parties (net)	-		(4,982)	
Proceeds/ (Repayment) of current borrowings (net)	(1,784)		1,975	
Finance costs	(2,994)		(2,939)	
Net cash generated used in financing activities		**(4,165)**		**(6,714)**
Net increase in cash and cash equivalents (A+B+C)		**(12)**		**(219)**
Cash and cash equivalents at the beginning of the year		62		281
Cash and cash equivalents at the end of the year (Refer Note 8)		**50**		**62**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2018

For and on Behalf of the Board of Directors

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K.Prasad
Chief Financial Officer

R.Soundarajan
Company Secretary

Place : Hyderabad
Date : May 29, 2018

1. Corporate information and significant accounting policies

(a) Corporate Information:

Sagar Cements (R) Limited ("the Company") was incorporated under the Companies Act, 1956 on August 30, 2007. The Company is engaged in the business of manufacture and sale of cement and generation and sale of power. The Company is a wholly owned subsidiary of Sagar Cements Limited with effect from August 2015. The name of the Company was changed from BMM Cements Limited to Sagar Cements (R) Limited with effect from March 28, 2017.

(b) Significant accounting policies

(i) Statement of compliance

The 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 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 Company 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) Use of estimates

In the application of the accounting policies, which are described in note 1, 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 policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Useful lives of property, plant and equipment and intangible assets
- Assets and obligations relating to employee benefits
- Evaluation of recoverability of deferred tax assets
- Financial instruments
- Measurement of recoverable amounts of cash generating units
- Provisions and contingencies
- Expected credit losses

(iv) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. 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 such as sales tax, value added tax, goods and services tax, etc.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Generation of Power:

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

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 Company 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.

(v) 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.

(vi) Government grants

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

(vii) Employee benefits

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

Defined Contribution Plans:

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

Defined Benefit Plans:

For defined benefit 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 recognized 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.

(viii) 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 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. The Company's 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 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 Company 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.

(ix) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying property, plant and equipment 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 Company'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 tangible property, plant and equipment has been provided 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.

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

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

(x) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately 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.

(xi) 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.

(xii) 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 Company are segregated based on the available information.

(xiii) Foreign currency transactions and translations

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

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company 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 recognized in the statement of profit and loss in the period in which they arise.

(xiv) Financial Instruments:

(A) Initial recognition:

Financial assets and financial liabilities are recognized 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 recognized 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.

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. **Financial liabilities:** Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognized 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 Company derecognizes 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 Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

b. Financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(xv) Impairment of assets

a. Financial assets:

The Company recognizes 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 trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the Company 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 recognized in the statement of profit and loss.

b. Non-financial assets:

Intangible assets and property, plant and equipment

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 recognized 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 recognized for the asset in prior years.

(xvi) 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.

(xvii) Provisions

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

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

(xviii) Segment reporting

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

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

(xix) Operating cycle

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

(xx) Recent accounting pronouncements

Standards issued but not yet effective:

In March 2018, The Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115 Revenue from Contracts with Customers and amendments to Ind AS 21 The Effects of changes in Foreign Exchange Rates, applicable for annual periods beginning on or after April 01, 2018.

Ind AS 115 – Revenue from Contracts with Customers:

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard IND AS 18 – Revenue and Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, based on the five step approach as defined in this standard.

Under this standard, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is evaluating the impact of this amendment on its financial statements.

Ind AS 116 – Leases

Ind AS 116 sets out a comprehensive model for identification of lease arrangements and their treatment in the financial statements of the lessor and lessee. Ind AS 116 will supersede the current leases standard IND AS 17 – Leases when it becomes effective.

Ind AS 116 applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.

The Company is evaluating the impact of this amendment on its financial statements.

All amounts are in ₹ lakhs unless otherwise stated

2. Property, plant and equipment

Particulars	As at March 31, 2018	As at March 31, 2017
Land - freehold	2,720	2,720
Land-restoration	43	46
Buildings	3,304	3,274
Plant & machinery	34,176	34,776
Furniture and fittings	35	40
Office and other equipment	487	489
Electrical installations	2,249	2,023
Computers	26	52
Vehicles	227	255
Total	**43,267**	**43,675**

All amounts are in ₹ lakhs unless otherwise stated

For the year 2017-18

Description of assets	Land – free hold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical insta-llations	Computers	Vehicles	Total
I. Gross Block										
Opening Balance	**2,720**	**50**	**3,649**	**42,433**	**54**	**605**	**2,829**	**162**	**291**	**52,793**
Additions	-	-	141	820	-	64	420	-	9	1,454
Disposals	-	-	-	5	-	-	-	-	-	5
Balance as at March 31, 2018	**2,720**	**50**	**3,790**	**43,248**	**54**	**669**	**3,249**	**162**	**300**	**54,242**
II. Accumulated depreciation										
Opening Balance	**-**	**4**	**375**	**7,657**	**14**	**116**	**806**	**110**	**36**	**9,118**
Depreciation expense	-	3	111	1,417	5	66	194	26	37	1,859
Eliminated on disposal of assets	-	-	**-**	2	-	-	-	-	-	2
Balance as at March 31, 2018	**-**	**7**	**486**	**9,072**	**19**	**182**	**1,000**	**136**	**73**	**10,975**
Net block (I-II)										
Carrying value as at March 31, 2018	**2,720**	**43**	**3,304**	**34,176**	**35**	**487**	**2,249**	**26**	**227**	**43,267**
Carrying value as at March 31, 2017	2,720	46	3,274	34,776	40	489	2,023	52	255	43,675

All amounts are in ₹ lakhs unless otherwise stated

For the year 2016-17

Description of assets	Land – free hold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical insta-llations	Computers	Vehicles	Total
I. Gross block										
Opening balance	**2,720**	**50**	**3,108**	**42,276**	**53**	**405**	**2,829**	**158**	**173**	**51,772**
Additions	-	-	541	157	1	200	-	4	118	1,021
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	**2,720**	**50**	**3,649**	**42,433**	**54**	**605**	**2,829**	**162**	**291**	**52,793**
II. Accumulated depreciation										
Opening balance	**-**	**1**	**270**	**6,277**	**8**	**60**	**626**	**84**	**5**	**7,331**
Depreciation expense for the year	-	3	105	1,380	6	56	180	26	31	1,787
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	**-**	**4**	**375**	**7,657**	**14**	**116**	**806**	**110**	**36**	**9,118**
Net block (I-II)										
Carrying value as at March 31, 2017	**2,720**	**46**	**3,274**	**34,776**	**40**	**489**	**2,023**	**52**	**255**	**43,675**
Carrying value as at March 31, 2016	2,720	49	2,838	35,999	45	345	2,203	74	168	44,441

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
3	**Intangible assets**		
	Computer software	17	26
	Total	**17**	**26**
	Computer Software		
	I. Gross Block		
	Opening Balance	139	132
	Additions	-	7
	Closing Balance	**139**	**139**
	II. Accumulated amortisation		
	Opening Balance	113	105
	Amortisation expense	9	8
	Closing Balance	**122**	**113**
	Net block (I-II)		
	Carrying Value	**17**	**26**
4	**Other financial assets**		
	(Unsecured, considered good)		
	Non-current		
	(a) Security deposits	107	55
	(b) Financial benefit due to guarantee by parent company	221	301
	(c) Balance held as margin money deposit against borrowings	42	279
	Total	**370**	**635**
	Current		
	(a) Security deposits	13	39
	(b) Interest accrued but not due	21	20
	Total	**34**	**59**
	Total Other financial assets	**404**	**694**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
5	**Other assets (Unsecured, considered good)**		
	Non-current		
	(a) Capital advances	123	54
	(b) Prepaid expenses	14	14
	Total	**137**	**68**
	Current		
	(a) Advances to suppliers	344	394
	(b) Advances to related parties	60	60
	(c) Prepaid expenses	31	54
	(d) Balances with government authorities (other than income taxes)	191	165
	(e) Incentives receivable from government	727	727
	(f) Others	48	46
	Total	**1,401**	**1,446**
	Total Other assets	**1,538**	**1,514**
6	**Inventories (at lower of cost and net realisable value)**		
	(a) Raw materials	353	313
	(b) Coal	947	1,019
	(c) Work-in-progress	328	471
	(d) Stores and spares	710	496
	(e) Packing materials	80	87
	(f) Finished goods	246	344
	Total (A)	**2,664**	**2,730**
	Goods-in-transit:		
	(a) Raw materials	1	-
	(b) Coal	54	1,009
	(c) Packing materials	15	-
	Total (B)	**70**	**1,009**
	Total inventories (A+B)	**2,734**	**3,739**
7	**Trade receivables**		
	(a) Secured, considered good	224	397
	(b) Unsecured, considered good	3,187	3,052
	(c) Unsecured, doubtful	47	27
	Sub-total	**3,458**	**3,476**
	Less: Provision for doubtful trade receivables	(47)	(27)
	Total trade receivables	**3,411**	**3,449**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
	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 as per the provision matrix. The ageing of the receivables is as follows:		
	Age of receivables		
	Within the credit period	2,236	2,175
	1-30 days past due	263	522
	31-60 days past due	270	230
	61-90 days past due	57	366
	91-180 days past due	156	174
	More than 180 days past due	476	9
	Total	**3,458**	**3,476**
	Movement in expected credit loss allowance		
	Particulars	**2017-18**	**2016-17**
	Balance at the beginning of the year	27	27
	Movement in expected credit loss allowance on trade receivables	20	-
	Balance at the end of the year	**47**	**27**

Note	Particulars	As at March 31, 2018	As at March 31, 2017
8	**Cash and cash equivalents**		
	(a) Cash in hand	1	2
	(b) Balances with banks	49	60
	Total cash and cash equivalents	**50**	**62**
9	**Other bank balances**		
	Deposits held as margin money/ security for bank guarantees	113	179
	Total other bank balances	**113**	**179**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018		As at March 31, 2017	
		No. of shares	Amount	No. of shares	Amount
10	**Equity share capital**				
	Authorised:				
	Equity shares of ₹ 10 each	10,70,00,000	10,700	10,70,00,000	10,700
	Preference shares of ₹ 10 each	4,30,00,000	4,300	4,30,00,000	4,300
		15,00,00,000	15,000	15,00,00,000	15,000
	Issued, Subscribed and Fully Paid:				
	Equity shares ₹ 10 each	10,38,12,925	10,381	10,38,12,925	10,381

(a) Shares held by the holding company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% Holding	No. of shares	% Holding
Sagar Cements Limited	10,38,12,925	100%	10,38,12,925	100%

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Opening balance	10,38,12,925	10,381	10,38,12,925	10,381
Shares issued during the year	-	-	-	-
Closing balance	**10,38,12,925**	**10,381**	**10,38,12,925**	**10,381**

(c) 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.

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
11	**Other equity**		
	Securities premium account	7,381	7,381
	Deemed capital contribution	10,735	10,735
	Retained earnings	(21,118)	(18,971)
	Other items of other comprehensive income	(11)	(19)
	Total other equity	**(3,013)**	**(874)**

Movement in other equity is as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Securities premium account	**7,381**	**7,381**
Deemed capital contribution		
(i) Opening balance	10,735	401
(ii) Deemed capital contribution	-	10,334
	10,735	**10,735**
Retained earnings		
(i) Opening balance	(18,971)	(17,495)
(ii) Loss for the year	(2,147)	(1,476)
	(21,118)	**(18,971)**
Other items of other comprehensive income		
(i) Opening balance	(19)	-
(ii) Other comprehensive income for the year	8	(19)
	(11)	**(19)**
Total	**(3,013)**	**(874)**

Nature of reserves:

(a) Securities premium account

Amounts received on issue of shares in excess of the par value has been classified as securities premium.

(b) Deemed capital contribution

Deemed capital contribution represents the gain on account of corporate guarantee given by Sagar Cements Limited and the equity portion of the 8% cumulative redeemable preference shares.

(c) Retained earnings

Retained earnings comprises of prior years undistributed earnings after taxes.

(d) Other items of other comprehensive income

Other items of other comprehensive income consist of fair value on FVTOCI financial assets and financial liabilities and re-measurement of net defined benefit liability/ asset.

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
12	**Non current borrowings ***		
	(Secured, at amortised cost)		
	(a) Term loans		
	Debentures (Refer Note (ii))	15,000	15,000
	Loans from banks (Refer Note (i))	4,187	5,138
	(b) Loans from holding company		
	8% Cumulative redeemable preference shares	8,042	7,206
	Total	**27,229**	**27,344**

*Current maturities of non-current borrowings have been disclosed under the head "Other finanical liabilities."

Note (i):

As at March 31, 2018:

Bank	Loan outstanding	Terms of repayment	Rate of interest
Yes Bank Limited (Refer Note 2 below)	4,642	29 quarterly instalments	11.05%
Vehicle loans (Refer Note 3 below)	93	13-17 monthly instalments	9.15% - 10.50%
Less: Current maturities of non-current borrowings	(548)		
	4,187		

As at March 31, 2017:

Bank	Loan outstanding	Terms of repayment	Rate of interest
State Bank of Hyderabad (Refer Note 1 below)	1,300	5 quarterly instalments	12.75%
Corporation Bank (Refer Note 1 below)	170	1 quarterly instalment	16.25%
Yes Bank Limited (Refer Note 2 below)	5,000	32 quarterly instalments	12.35%
Vehicle loans (Refer Note 3 below)	152	35-36 monthly instalments	9.15% - 10.50%
Less: Current maturities of non-current borrowings	(1,484)		
	5,138		

Notes:

1. The term loan from the bank is 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.
2. The term loan from the bank is secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant & machinery and mining equipment owned by the company, both present and future, and by a second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy - Director and S. Sreekanth Reddy - Director.
3. Vehicle loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

Note (ii): Non-Convertible Debentures (NCD) have been issued to International Finance Corporation. A total of 1,500 NCD's have been issued (₹ 10 lakhs each) aggregating ₹ 15,000. Interest payable on the NCD's is @11.60%. The NCD's were issued on March 23, 2016. Interest is payable at half yearly rest with effect from May 31, 2016. Repayment for the NCD's are to be made in 13 equal half yearly installments of ₹ 1,154 starting from May 2019 onwards. 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, Director and S. Sreekanth Reddy, Director. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's.

Particulars	As at March 31, 2018	As at March 31, 2017
Current borrowings (Secured, at amortised cost)		
Loans repayable on demand		
Cash credit facilities	1,949	3,761
Total	**1,949**	**3,761**

Note: The Company has availed cash credit facilities from Banks. This facility is secured against stocks of raw materials, finished goods, trade receivables, stores and spares, present and future, and by second charge on property, plant and equipment of the Company and are guaranteed by Dr. S. Anand Reddy, Director and S. Sreekanth Reddy, Director. The loans are repayable on demand and carries interest @ 12.50 to 15.10% p.a. (March 31, 2017: 12.50% to 15.10%).

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
13	**Other financial liabilities**		
	Non-current		
	(a) Security deposits received	736	577
	(b) Loan from others	59	31
	(c) Loan from related party	2,500	-
	Total	**3,295**	**608**
	Current		
	(a) Current maturities of non-current borrowings	548	1,484
	(b) Interest accured but not due on borrowings	4,497	4,270
	(c) Payables on purchase of property, plant and equipment	40	-
	Total	**5,085**	**5,754**
	Total other financial liabilities	**8,380**	**6,362**
14	**Provisions**		
	(a) Gratuity (Refer Note 30)	38	37
	(b) Compensated absences (Refer Note 30)	56	52
	Total provisions	**94**	**89**
	Non-current		
	(a) Gratuity	24	37
	(b) Compensated absences	42	-
	Total	**66**	**37**
	Current		
	(a) Gratuity	14	-
	(b) Compensated absences	14	52
	Total	**28**	**52**
15	**Trade Payables**		
	(a) Due to micro, small and medium enterprises (Refer Note 27)	-	-
	(b) Due to others	5,840	6,357
	Total trade payables	**5,840**	**6,357**
16	**Other Liabilities**		
	Non-current		
	Liability for land restoration	50	**50**
	Total	**50**	**50**
	Current		
	(a) Advance from customers (Refer Note below)	3,494	2,197
	(b) Statutory remittances	650	503
	Total	**4,144**	**2,700**
	Total other liabilities	**4,194**	**2,750**
	Note: Includes ₹ 2,979 (As at March 31, 2017: ₹ 1,763) received from holding company		

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
17	**Revenue from operations**		
	a) Revenue from		
	- Sale of cement (Refer Note 35)	29,881	30,479
	- Sale of power	4,370	3,208
	b) Other operating income		
	- Incentives received from government	44	562
	- Sale of scrap	30	13
	- Insurance claims	-	6
	Total revenue from operations	**34,325**	**34,268**
18	**Other income**		
	Interest Income		
	On financial assets carried at amortised cost	50	45
	Total other income	**50**	**45**
19	**Cost of materials consumed**		
	Opening stock	313	155
	Add: Purchases	3,518	3,254
	Less: Closing stock	351	313
	Cost of materials consumed	**3,480**	**3,096**
	Details of materials consumed		
	Limestone	1,639	1,576
	Laterite	804	787
	Iron-ore sludge	311	183
	Gypsum	458	384
	Fly ash	162	166
	Others	106	-
	Total	**3,480**	**3,096**
20	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Inventories at the beginning of the year:		
	Finished goods	344	270
	Work-in-progress	471	383
		815	**653**
	Inventories at the end of the year:		
	Finished goods	246	344
	Work-in-progress	328	471
		574	**815**
	Net decrease/ (increase)	**241**	**(162)**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
21	**Employee benefit expenses**		
	(a) Salaries and wages, including bonus	725	621
	(b) Contribution to provident and other funds	55	9
	(c) Staff welfare expenses	35	46
	Total employee benefit expenses	**815**	**676**
22	**Finance cost**		
	(a) Interest expense	3,903	4,719
	(b) Dividend on cumulative preference shares	-	340
	(c) Other borrowing cost	234	108
	Total finance cost	**4,137**	**5,167**
23	**Depreciation and amortisation expense**		
	(a) Depreciation of property, plant and equipment	1,859	1,787
	(b) Amortisation of intangible assets	9	8
	Total depreciation and amortisation expense	**1,868**	**1,795**
24	**Other expenses**		
	Coal consumed	14,009	11,020
	Power	235	329
	Packing material consumed	1,191	1,077
	Stores and spares consumed	1,253	1,250
	Repairs and maintenance		
	Buildings	-	8
	Plant and equipment	777	729
	Others	96	154
	Freight and forwarding expenses	6,672	5,021
	Selling expense	624	868
	Provision for doubtful trade receivables	20	-
	Loss on sale of plant and equipment	2	-
	Rent	45	46
	Insurance	63	40
	Rates and taxes	72	135
	Payment to Auditors (Refer Note (i) below)	14	16
	Travelling expenses	77	76
	Security services	105	103
	Donations and contributions	2	2
	Legal and professional	296	295
	Administrative expenses	27	25
	Printing and stationery	4	4

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Communication	10	10
	Director sitting fees	3	5
	Miscellaneous expenses	16	17
	Increase/ (Decrease) of excise duty on inventory (Refer Note (ii) below)	(40)	17
	Captive consumption of Cement	(25)	(40)
	Total other expenses	**25,548**	**21,207**
	Note (i):		
	Payment to Auditors (net of service tax) comprises:		
	For audit	10	10
	For limited review	4	4
	For other services	-	2
	Total	**14**	**16**
	Note(ii):		
	Consequent to implementation of Goods and Services tax effective from July 01, 2017, excise duty on opening stock of finished goods as at April 01, 2017 has been reversed.		

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
25	**(a) Income tax recognized in the statement of profit & loss**		
	Current tax:		
	In respect of the current year	-	-
	In respect of prior years	-	-
	Total current tax	**-**	**-**
	Deferred tax		
	In respect of current year origination and reversal of temporary differences	(729)	(341)
	Total deferred tax	**(729)**	**(341)**
	Total tax expense	**(729)**	**(341)**
	(b) The company has incurred losses and hence no current tax provision is made.		

All amounts are in ₹ lakhs unless otherwise stated

(c) Movements in deferred tax assets and liabilities for the year 2017-18:

Particulars	Opening balance	(Recognised) / reversed through the statement of profit and loss	(Recognised) / Reversed through other comprehensive income	Recognized directly in equity	Reclassified from equity to profit and loss	Other adjustments	Closing balance
Property, plant and equipment and intangible assets	(6,756)	(769)	-	-	-	-	(7,525)
Provision for employee benefits	45	(8)	(4)	-	-	-	33
Carry forward business losses and depreciation	9,174	1,490	-	-	-	-	10,664
Provision for doubtful trade receivables	-	16	-	-	-	-	16
Total Deferred tax asset (Net)	**2,463**	**729**	**(4)**	**-**	**-**	**-**	**3,188**

All amounts are in ₹ lakhs unless otherwise stated

Movements in deferred tax assets and liabilities for the year 2016-17:

Particulars	Opening balance	(Recognised) / reversed through the statement of profit and loss	(Recognised) / Reversed through other comprehensive income	Recognized directly in equity	Reclassified from equity to profit and loss	Other adjustments	Closing balance
Property, plant and equipment and intangible assets	(6,021)	(735)	-	-	-	-	(6,756)
Provision for employee benefits	13	23	10	-	-	(1)	45
Carry forward business losses and depreciation	8,121	1,053	-	-	-	-	9,174
Total Deferred tax asset (Net)	**2,113**	**341**	**10**	**-**	**-**	**(1)**	**2,463**

All amounts are in ₹ lakhs unless otherwise stated

26. Contingent liabilities and capital commitments:

A) Contingent liabilities:

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

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

Particulars	As at March 31, 2018	As at March 31, 2017
Direct tax matters	608	15
Indirect tax matters	498	498

(ii) The Finance Minister of Government of India had announced in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the Company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 311 (As at March 31, 2017: ₹ 311) from March 2016 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 ₹ 311 was reversed, but under protest. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the Company.

B) Capital commitments:

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of capital advance)	730	158

27. 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. There were no dues payable to Micro, Small and Medium Enterprises as on March 31, 2018 and March 31, 2017.

28. Financial Instruments:

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

All amounts are in ₹ lakhs unless otherwise stated

A) Capital Management:

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The capital structure of the Company consists of net debt (borrowings as detailed in Notes 11 and 12 offset by cash and bank balances) and total equity of the Company.The Company is not subject to any externally imposed capital requirements.The Company's management reviews the capital structure of the Company on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

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

Particulars	As at March 31, 2018	As at March 31, 2017
Debt (Refer Note below)	34,282	36,890
Cash and bank balances	163	241
Net debt	34,119	36,649
Total equity	7,368	9,507
Net debt to equity ratio	4.63	3.85

Note: Debt is defined as current and non-current borrowings as described in Notes 12 and 13.

B) Financial Assets and Liabilities:

The carrying value of financial instruments by categories as of balance sheet date is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Financial Assets		
Measured at amortised cost		
(i) Trade receivables	3,411	3,449
(ii) Cash and cash equivalents	50	62
(iii) Other bank balances	113	179
(iv) Other financial assets	404	694
Total	**3,978**	**4,384**

All amounts are in ₹ lakhs unless otherwise stated

Financial Liabilities
Measured at amortised cost

Particulars	As at March 31, 2018	As at March 31, 2017
Financial Assets		
Measured at amortised cost		
(i) Borrowings	29,726	32,589
(ii) Trade payables	5,840	6,357
(iii) Other financial liabilities	7,832	4,878
Total Financial liabilities	**43,398**	**43,824**

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

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

(i) Market risk:

The Company's activities expose it primarily to the financial risk of changes in interest rates. The Company seeks to minimize the effect of this risk through continuous monitoring and take appropriate steps to mitigate the aforesaid risk.

Interest rate risk management:

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

Interest rate sensitivity analysis

The sensitivity analysis below have 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.

All amounts are in ₹ lakhs unless otherwise stated

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's: Profit for the year ended March 31, 2018 would decrease/increase by ₹ 111 (for the year ended March 31, 2017: decrease/increase by ₹ 126). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings

(ii) Credit risk management:

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company 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 Company 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:

Financing Facilities:

Particulars	As at March 31, 2018	As at March 31, 2017
Secured bills acceptance facility, reviewed annually		
- amount used	1,345	1,004
- amount unused	155	496
Total	**1,500**	**1,500**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	1,949	3,761
- amount unused	2,051	239
Total	**4,000**	**4,000**

All amounts are in ₹ lakhs unless otherwise stated

Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	4,735	6,622
- amount unused	-	-
Total	**4,735**	**6,622**
Secured non-convertible debentures		
- amount used	15,000	15,000
- amount unused	-	-
Total	**15,000**	**15,000**
Secured loan from Holding company		
- amount used	2,500	-
- amount unused	-	-
Total	**2,500**	**-**

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

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

The details of loans and advances taken from holding Company:

Particulars	Balance as at		Maximum amount outstanding during the year	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sagar Cements Limited	5,479	8,969	6,542	22,540

30. Employee Benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan

Provident fund:

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated to ₹ 43 (2016-17: ₹ 35).

Employee State Insurance:

The Company makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated to ₹ 4 (2016-17: ₹ 0.36).

All amounts are in ₹ lakhs unless otherwise stated

(ii) Defined benefit plan

Gratuity:

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

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as per actuarial valuation as at March 31, 2018 and March 31, 2017:

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Mortality table (LIC)	IALM 2006-08 (Mod.) (ultimate)	IALM 2006-08 (ultimate)
Discounting rate (p.a.)	8%	7.90%
Expected rate of return on plan asset	8.05%	8.25%
Expected average remaining working lives of employees	21.22 years	21.54 years
Rate of escalation in salary	5%	5%
Attrition rate	4%	4%

All amounts are in ₹ lakhs unless otherwise stated

(b) Components of Defined benefit costs recognized in profit and loss and other comprehensive income:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	10	6
Interest expense	4	2
Acquisition adjustment/ New policy/ Premium adjustment	-	1
Expected return on plan assets	(1)	(1)
Defined benefit cost included in profit and loss	**13**	**8**
Re-measurement effects recognized in Other Comprehensive Income (OCI)		
Actuarial (gain)/loss	(12)	29
Components of defined benefit costs recognized in OCI	**(12)**	**29**

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

Description	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of funded defined benefit obligations	51	63
Fair value of plan assets	(13)	(26)
Net liability arising from defined benefit obligation	38	37

(d) Movement in present value of defined benefits obligation are as follows:

Description	For the year ended March 31, 2018	For the year ended March 31, 2017
Defined benefit obligation at the beginning of the year	63	26
Current service cost	10	6
Interest cost	4	2
Re-measurements - Actuarial (gain) / loss	(12)	29
Benefits paid	(14)	-
Defined benefit obligation at the year end	**51**	**63**

All amounts are in ₹ lakhs unless otherwise stated

(e) Movement in fair value of plan assets are as follows:

Description	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of the plan assets	26	-
Expected return on plan assets	1	1
Contributions from the employer	-	26
Benefits paid	(14)	-
Acquisition Adjustment/ New Policy/ Premium Expenses	-	(1)
Fair value of plan asset at the year end	**13**	**26**

(f) Sensitivity Analysis:

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

Description	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	(48)	56	(57)	70
Effect of 1% change in assumed salary rate	56	(48)	69	(60)
Effect of 1% change in assumed attrition rate	52	(51)	(57)	70

Compensated absences:

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

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount Rate	8%	-
Salary escalation rate	5%	-
Attrition rate	4%	-
Mortality tables	IALM (2006-08) (Mod.) (Ultimate)	-

All amounts are in ₹ lakhs unless otherwise stated

The Company has made provision for compensated absences based on the actuarial valuation for the financial year 2017-18, consequent to change in leave policy during the year.

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

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation			
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue	**29,955**	**31,060**	**7,690**	**6,160**	**37,645**	**37,220**
Less: Inter-segment revenue	-	-	3,320	2,952	3,320	2,952
Total	**29,955**	**31,060**	**4,370**	**3,208**	**34,325**	**34,268**
Segment result	**1,708**	**3,163**	**(497)**	**142**	**1,211**	**3,305**
Unallocable expenses (net)					4,087	5,122
Loss before taxes					**(2,876)**	**(1,817)**
Tax expense					729	341
Loss for the year					**(2,147)**	**(1,476)**

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation			
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Segment assets	38,808	37,048	12,853	16,381	51,661	53,429
Un-allocable assets					3,393	2,741
Total assets					**55,054**	**56,170**
Segment liabilities	17,924	14,375	1,985	3,461	19,909	17,836
Unallocable liabilities					-	-
Total liabilities					**19,909**	**17,836**

32. Related Party Disclosures

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

Name	**Relationship**
Sagar Cements Limited	Holding Company
Key managerial personnel (KMP):	
Swaminatha Reddy Onteddu	Chairman of the Board of Directors
S. Veera Reddy	Managing Director (MD)
Dr. S. Anand Reddy	Director
S. Sreekanth Reddy	Director
S. Sahithi	Executive Director (ED)
Kolappa Thanu Pillai	Director
Valliyur Hariharan Ramakrishnan	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
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

All amounts are in ₹ lakhs unless otherwise stated

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

Nature of transaction	Party name	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of raw materials	Panchavati Polyfibres Limited	1,323	1,104
Sale of power	Sagar Cements Limited	3,793	1,749
Purchase of scrap	Sagar Cements Limited	10	10
Sale of scrap	Sagar Cements Limited	8	-
Services received	Sagarsoft (India) Limited – Staffing resource services	14	14
	Sagar Cements Limited - Trademark and staffing charges	360	360
	Total	**374**	**374**
Advances given	RV Consulting Services Private Limited	-	40
Interest expense on loan, corporate guarantee and cumulative redeemable preference shares	Sagar Cements Limited	1,181	2,005
Loans and Advances taken	Sagar Cements Limited – Loan Sagar Cements Limited – Advance	2,500 5,355	- 5,329
	Total	**7,855**	**5,329**
Repayment against loan and advances taken	Sagar Cements Limited	-	6,799
Repayment against advance given	RV Consulting Services Private Limited	50	-
Conversion of loan to 8% cumulative redeemable preference shares (CRPS)	Sagar Cements Limited	-	17,200

All amounts are in ₹ lakhs unless otherwise stated

Compensation to key managerial personnel is as follows:

Nature of the transaction	Party Name	For the year ended	
		March 31, 2018	March 31, 2017
Short-term benefits	MD, ED, CS and CFO	24	18
Other benefits	Chairman, MD, ED, CS, CFO and non-executive and Independent Directors	11	5

Outstanding balances:

Nature of the balance	Party name	As at March 31, 2018	As at March 31, 2017
Borrowings	Sagar Cements Limited	2,500	-
Advances received	Sagar Cements Limited	2,979	1,763
Interest accrued but not due	Sagar Cements Limited	3,852	3,614
Trade payables	Sagarsoft (India) Limited	1	1
	Panchavati Polyfibres Limited	169	196
	Total	**170**	**197**
8% Cumulative Redeemable Preference Shares	Sagar Cements Limited	8,042	7,206
Advances and deposits given	RV Consulting Services Private Limited	-	50
	Sagar Power Limited	60	60
	Total	**60**	**110**
Corporate guarantee taken	Sagar Cements Limited	21,000	29,900

33. Operating Lease

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease expense recognized in the Statement of Profit and Loss amounting to ₹ 45 (2016-17: ₹ 46).

34. Earnings per share

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Loss for the period (₹ in Lakhs)	(2,147)	(1,476)
Add: Dividend attributable to 8% cumulative redeemable preference shares (₹ in Lakhs)	(344)	(149)
Loss for the year attributable to equity shareholders (₹ in Lakhs)	**(2,491)**	**(1,625)**
Weighted average number of equity shares outstanding	103,812,925	103,812,925
Earnings per share		
Basic and Diluted (in ₹)	(2.40)	(1.57)

35. The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, in compliance with Indian Accounting Standards (Ind AS) 18- ‘Revenue’, Revenue from operations for the year ended March 31, 2018 is net of GST. For the year ended March 31, 2017, Revenue from operations includes excise duty which is now subsumed in GST.

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

37. During the year 2015-16, the holding Company gave corporate guarantee for the loans availed by the Company and on account of the same, the loans were given at concessional rate to the Company. The fair value of the corporate guarantee aggregating to ₹ 401 (March 31, 2017: ₹ 401) has been accounted as deemed capital contribution.

38. These financial statements were approved by the Company’s Board of Directors on May 29, 2018.

39. Previous year’s figures have been regrouped/ reclassified wherever necessary to correspond with the current year’s classification/ disclosures.

For and on Behalf of the Board of Directors

S.Veera Reddy
Managing Director

S.Sahithi
Executive Director

K.Prasad
Chief Financial Officer

R.Soundarajan
Company Secretary

Place : Hyderabad
Date : May 29, 2018

SAGAR CEMENTS (R) LIMITED

Registered Office: 19/13, Old No.19/5, 19/6, 3rd Floor, Western Side, Kareem Towers,
SRT Road, (Cunningham Road), Bengaluru – 560052
CIN: U40300KA2007PLC043746)
Tel.No.: +91-80-41157020, Website: www.sagarcements-r.in

ATTENDANCE SLIP

11th ANNUAL GENERAL MEETING ON THURSDAY, THE 20TH SEPTEMBER, 2018 AT 11.00 A.M. at 19/13, Old No.19/5, 19/6, 3rd Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru – 560052

Folio No.	DP ID No.	Client ID No.

I/We hereby record my/our present at the 11th Annual General Meeting of the Company at 19/13, Old No.19/5, 19/6, 3rd Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru – 560052 at 11.00 a.m. on Thursday the 20th September, 2018.

Name of the Member : ______________________________
Signature : ______________________________
Name of the Proxyholder : ______________________________
Signature : ______________________________
Number of Shares : ______________________________

Notes:
1. Only Member / Proxyholder can attend the Meeting.
2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member / Proxyholder, sign this Attendance Slip and hand it over, duly signed at the entrance of the Meeting hall.
3. A Member / Proxyholder attending the meeting should bring his/her copy of the Annual Report for reference at the meeting.

SAGAR CEMENTS (R) LIMITED

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PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member (s) : ______________________________
Registered address : ______________________________
E-mail Id : ______________________________
Folio No. / Client ID No. : ______________ DP ID No.______________

I/We, being the member(s) holding: ________________ shares of Sagar Cements (R) Limited, hereby appoint:

1. Name: ______________________ Email ID: ______________
   Address: ______________________________
   ______________________ Signature ______________ or failing him;
2. Name: ______________________ Email ID: ______________
   Address: ______________________________
   ______________________ Signature ______________ or failing him;
3. Name: ______________________ Email ID: ______________
   Address: ______________________________
   ______________________ Signature ______________

As my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 11th Annual General Meeting of the Company to be held on Thursday, the 20th September, 2018 at 11.00 a.m. at 19/13, Old No.19/5, 19/6, 3rd Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru – 560052 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Description of Resolution
1	Adoption of Audited Financial Statements, Report of the Directors and Auditors for the year ended 31st March, 2018.
2	Re-appointment of Shri S.Sreekanth Reddy, who retires by rotation and is eligible for re-appointment as Director.
3	Ratification of remuneration payable to the cost auditors.

Please affix Re.1/- Revenue Stamp

Signed this _____ day of _______________ 2018

Signature of shareholder _________________ Signature of Proxyholder(s) ________________

Note: 1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at 19/13, Old No.19/5, 19/6, 3rd Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru – 560052, not less than 48 hours before the commencement of the Meeting.

2. A proxy need not be a member of the Company.

3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 11th Annual General Meeting of the Company.