

SAGAR CEMENTS (R) LIMITED

13th Annual Report

2019-20

BOARD OF DIRECTORS

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

Chairman – Independent & Non Executive
(Upto 24.06.2020)
Managing Director
Director
Executive Director
Independent & Non Executive
Independent & Non Executive

COMPANY SECRETARY

Shri R.Soundararajan

CHIEF FINANCIAL OFFICER

Shri K.Prasad

AUDITORS

M/s.Deloitte Haskins & Sells
Chartered Accountants
(FR NO.008072S)
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
The Federal 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

Plot No.111, Road No.10,
Jubilee Hills,
Hyderabad-500 033
Website: www.sagarcements-r.in,
e-mail: info-r@sagarcements.in

CORPORATE IDENTITY NUMBER

U40300TG2007PLC134320

PLANT

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

SAGAR CEMENTS (R) LIMITED

CIN: U40300TG2007PLC134320

(A wholly-owned subsidiary of Sagar Cements Limited)

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of Sagar Cements (R) Limited will be held on Monday, the 28th Day of September 2020, at 11.00 a.m. at the Registered Office of the company at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2020 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, 2020 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, Dr. S.Anand Reddy (DIN: 00123870), who retires by rotation and being eligible, offers himself for re-appointment as director and in this regard to pass the following resolution as an ordinary resolution.

“Resolved that Dr. S.Anand Reddy (DIN: 00123870) 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 approval accorded by the Board of Directors of the company for payment of remuneration of Rs.1,75,000/- plus reimbursement of actual travel and out of pocket expenses and applicable taxes to 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 2021 be and is hereby ratified.”

4. Appointment of Ms. S.Sahithi (DIN: 07293511) as Executive Director.

To consider and if, thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

Resolved that pursuant to Section 196,197 and other applicable sections of the Companies Act, 2013 and the rules made thereunder read with its Schedule V

and pursuant to the recommendations made by the Nomination and Remuneration Committee and the approval accorded by the Audit Committee of the Board, Ms.S.Sahithi (DIN: 07293511), be and is hereby appointed as Executive Director of the company for a period of 03 years with effect from 18th March, 2020 on a consolidated salary of Rs. 4,00,000/- per month.

Resolved further that in the event of loss or inadequacy of profits in any financial year during the tenure of Ms.S.Sahithi as Executive Director, the above said remuneration be paid to her as minimum remuneration under section II (A) of Part II of Schedule V to the Companies Act, 2013.

Further Resolved that the necessary forms be and are hereby authorised to be filed under the above said Act with the prescribed authorities under the signature of any one of the directors of the company or its Company Secretary.

5. **Re-appointment of Shri K.Thanu Pillai as an Independent Director of the Company.**

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

Resolved that pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri K.Thanu Pillai (DIN: 00025312), be and is hereby re-appointed as an Independent Director of the company for a period of 03 years with effect from 27th August 2020, not liable to retire by rotation.

6. **Re-appointment of Shri V.H.Ramakrishnan as an Independent Director of the Company.**

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

Resolved that pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri V.H.Ramakrishnan (DIN: 00143948), be and is hereby re-appointed as an Independent Director of the company for a second term of 03 years with effect from 27th August 2020, not liable to retire by rotation.

7. **To approve the appointment of Mrs. Onteddu Rekha as an Independent Director and in this regard to pass, the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Onteddu Rekha (DIN: 07938776), who has been appointed as an Additional Director (Independent Director) pursuant to the provisions of Section 161(1) of

the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director, not liable to retire by rotation and to hold the said office for a term of five years with effect from 29th July 2020.”

By Order of the Board of Directors

Hyderabad
29th July, 2020

R.Soundararajan
Company Secretary

Registered Office:

Plot No.111, Road No.10,
Jubilee Hills, Hyderabad-500 033. Telangana

Notes:

1. The Explanatory Statement setting out material facts concerning the business under Item No.3 to 7 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 directors seeking re-appointment are given in the Annexure-2, which forms part of this Notice.
3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the said proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the company, duly completed and signed, not less than forty eight hours before the commencement of the meeting.
4. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Members are requested to notify the company of the change, 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.
7. The route map showing directions to reach the venue of the thirteenth AGM is annexed.

By Order of the Board of Directors

Hyderabad
29th July, 2020

R.Soundararajan
Company Secretary

Registered Office:

Plot No.111, Road No.10,
Jubilee Hills, Hyderabad-500 033. Telangana

Annexure to the Notice of the 13th 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 29th July 2020.

On Item No.3

The Board, on the recommendation of its Audit Committee, has approved the appointment of M/s.GNV & Associates, Cost Accountants as Cost Auditors for the Financial Year 2020-21 and payment of remuneration to the said Cost Auditors as mentioned in the resolution.

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, an Ordinary Resolution as set out at Item No.3 of the Notice containing the remuneration approved for Cost Auditors is submitted for ratification by the members.

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

Your directors recommend the resolution for approval of the shareholders.

On Item No.4

As the tenure of Ms.S.Sahithi as Executive Director expired on 17th March, 2020, the Board on the recommendation of its Nomination and Remuneration Committee and Audit Committee has re-appointed her as Executive Director for a further period of 3 years with effect from 18th March 2020 on a consolidated remuneration of Rs.4 Lakhs per month. Approval of the shareholders under Section 196, 197 and other applicable sections of the Companies Act, 2013 read with its Schedule V thereto is being sought for the above appointment and payment of remuneration.

Ms. S.Sahithi is also a Director of M/s. Sagar Priya Housing and Industrial Enterprises Limited. Her performance during her previous tenure as Executive Director and qualities of her leadership have contributed in a good measure to the growth and stability of the company.

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

I	General Information			
(1)	Nature of industry	Cement		
(2)	Date of commencement of commercial production	01.04.2012		
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
(4)	Financial performance based on given indicators	Rs. in Lakhs		
		Description	2019-20	2018-19
		Income	35,162	36,825
		Profit / (Loss) before Interest Depreciation & Tax	6,861	5,063
		Profit /(Loss) after Tax	(501)	(1,139)
(5)	Export performance and net foreign exchange	Nil		
(6)	Foreign investments or collaborators, if any	Nil		
II	Information about the appointee			
(1)	Background details	Ms.S.Sahithi, a Commerce Graduate and M.S. in Finance has been with the company since 2015. She is looking after the overall day to day affairs of the company		
(2)	Past remuneration	Consolidated remuneration of Rs.3,00,000/- per month		
(3)	Recognition or awards	-		
(4)	Job profile and suitability	The ED devotes her whole time and attention to the business of the company and carries out such duties as may be entrusted to her by the Board from time to time and exercises such powers as may be assigned to her, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as a whole-time director, she is looking after the overall day to day affairs of the company.		
(5)	Remuneration proposed	Consolidated remuneration of Rs. 4 Lakhs per Month		

(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration being proposed to Ms.S.Sahithi is much less than the remuneration prevailing in the companies of similar size in the cement industry.	
(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Ms.S.Sahithi is related to Dr.S.Anand Reddy, Managing Director of the Company.	
III	Other Information		
(1)	Reasons for loss or inadequate profits	The company has incurred loss in the year 2019-20 as the company could not operate at optimum capacity due to slow down in the cement industry.	
(2)	Steps taken or proposed to be taken for improvement	The infrastructure and construction industries, which are the main drivers for cement industry, are expected to get a boost in the coming years with the Government's continuous thrust to these sectors.	
(3)	Expected increase in productivity and profits in measurable terms	These will hopefully further increase the demand for cement and put the performance of the company on a stronger position.	
IV	Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013		
(1)	Age	29 years	
(2)	Qualification	B.Com., M.S. in finance from Kingston University	
(3)	Experience	Has been a Director in Sagar Cements (R) Ltd., since September 23, 2015.	
(4)	Date of first appointment on the Board	23.09.2015	
(5)	Shareholding in the company	Nil	
(6)	Relationship with other Directors	Related to Dr.S.Anand Reddy, Managing Director of the company.	
(7)	Number of meetings of the Board attended during the year (2019-20)	3	
(8)	Other Directorships	Name of the Company	Nature of Directorship
		M/s.Sagar Priya Housing and Industrial Enterprises Limited	Director
(9)	Membership/Chairmanship of Committees of other Boards	Nil	

As the resolution relates to the re-appointment of Ms. S.Sahithi, as Executive Director, to that extent she along with Dr.S.Anand Reddy, who is the other director related to her, may be deemed to be interested in the resolution.

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

Your Board is of the firm view that it would be in the interest of the company that Ms. S.Sahithi, be re-appointed as Executive Director and accordingly it commends the resolution for approval of the shareholders.

On Item No.5 & 6

Pursuant to Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (LODR) Regulations, 2015 as applicable Shri K.Thanu Pillai (DIN 00123920) and Shri V.H.Ramakrishnan (DIN 00143948), were appointed as Independent Directors of the Company by the members at the 9th AGM held on 24th September, 2016 to hold office for Five consecutive years up to 26th August, 2020 (First term).

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation and based on the experience and contributions made by them during their tenure as Independent Directors, has recommended re-appointment of Shri K.Thanu Pillai and Shri V.H.Ramakrishnan as Independent Directors for a second term of 3 (three) consecutive years on the Board of the Company with effect from 27th August, 2020.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Shri K.Thanu Pillai and Shri V.H.Ramakrishnan would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Shri K.Thanu Pillai and Shri V.H.Ramakrishnan as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 3 (three) consecutive years on the Board of the Company with effect from 27th August, 2020.

Shri K.Thanu Pillai and Shri V.H.Ramakrishnan are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has also received declarations from them stating that the met within the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Listing Regulations

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

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolutions.

On Item No.7

In terms of Section 149, 150, 152 read with Schedule IV of the Companies Act, 2013 ('the Act') and other applicable provisions of the said Act and under applicable Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') or any amendment thereto or modification thereof, based on the recommendations made by the Nomination and Remuneration Committee and subject to the approval of the shareholders, the Board of Directors has appointed Mrs. O.Rekha as an Independent Director for a term of 5 years with effect from 29th July, 2020.

In terms of Section 149(10) of the Companies Act, 2013 approval of the Members by way of Ordinary Resolution is sought for the said appointment.

Mrs. O.Rekha is not disqualified from being appointed as Director in terms of Section 164 of the Act and have been given the consult to act as Director. The Company has also received declaration from her stating that she met within the criteria of independence as prescribed both under sub-section (vi) of Section 149 of the Act and under listing regulations. The Company has received a notice under Section 160 of the Act proposing her appointment as Independent Directors of the Company.

In the opinion of your Board, the above said Director fulfills the conditions specified in the Act, the Rules made there under and in the Listing Regulations for her appointment as an Independent Directors and she is independent of the management of the Company.

A brief profile of Mrs. O.Rekha is given in Annexure 2, forming part of the Notice. Keeping in view her expertise and knowledge, it would be in the interest of the company, to approve her appointment as an independent director.

Accordingly, the approval of the shareholders is being sought for the above appointment as contemplated in Clause IV of the Schedule IV to the Companies Act, 2013.

Except Mrs. O.Rekha, who may be deemed to be interested in the resolution No.7 as the resolution relates to her appointment, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of the Notice.

Copy of the letter containing the terms and conditions of the appointment of Mrs. O. Rekha shall be open for inspection by the Members at free of cost on the Company's website www.sagarcements-r.in

Your directors recommend the resolution for approval of the shareholders.

By Order of the Board of Directors

Hyderabad
29th July, 2020

R.Soundararajan
Company Secretary

Registered Office:
Plot No.111, Road No.10, Jubilee Hills
Hyderabad-500 033, Telangana

Annexure 2

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

Name of the Director	Dr. S.Anand Reddy	Ms.S.Sahithi	Shri K.Thanu Pillai	Shri VH Ramakrishnan	Mrs.O. Rekha
Date of birth	10.06.1964	27.02.1991	14.05.1935	13.04.1941	20.07.1959
DIN	00123870	07293511	00123920	00143948	07938776
Experience in specific functional areas	Corporate Executive	Corporate Executive	Retired Bank Executive	Retired Bank Executive	Finance
Qualification	M.B.B.S.	B.Com., M.S in Finance from Kingston University	B.Com., MBA, CAIIB	B.Sc., ACA, ACMA	B.com(Hons.), MBA, ACA.
Directorships in other Companies	Sagar Cements Ltd., as MD Sagar Power Ltd., Sagar Priya Housing and Industrial Enterprises Ltd. Panchavati Polyfibres Ltd. Super Hydro Electric Pvt. Ltd. Jajpur Cements Private Limited. Satguru Cement Private Limited.	Sagar Priya Housing and Industrial Enterprises Limited	Sathavahana Ispat Ltd. Sagar Cements Ltd., Amar-Bio-Tech Ltd. Venkateswara Financiers Hyd.Pvt. Ltd. BSCPL Infrastructure Ltd.	Sagar Cements Ltd., The KCP Ltd.	Nil
Membership of Audit / Stakeholders' Relationship Committees of other Public Limited Companies	Sagar Cements Ltd., Member, Stakeholders' Relationship Committee Sagar Power Ltd., - Member, Audit Committee	Nil	Sagar Cements Ltd., - Member: Audit Committee Stakeholders' Relationship Committee	Sagar Cements Ltd. – Chairman: Audit Committee The KCP Ltd. – Member: Audit Committee Stakeholders' Relationship Committee	Sagar Cements Ltd. Member:Audit Committee,
No. of shares held in the company	1 (As nominee of Sagar Cements Limited, holding company)	1 (As nominee of Sagar Cements Limited, holding company)	Nil	Nil	Nil

Inter-se relationship with other Directors of the Company	Related to Shri S.Sreekanth Reddy, Director and Ms.S.Sahithi, Executive Director	Related to Dr.S.Anand Reddy, Managing Director.	-	Nil	Nil
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By Order of the Board of Directors

Hyderabad
29th July, 2020

R.Soundararajan
Company Secretary

Registered Office:
Plot No.111, Road No.10,
Jubilee Hills, Hyderabad-500 033.
Telangana

BOARDS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Thirteenth Annual Report on the accounts for the Financial Year ended March 31, 2020.

FINANCIAL AND BUSINESS PERFORMANCE

The Company's financial performance for the year ended March 31, 2020 is summarized below:

Particulars	(₹ in Lakhs)	
	Year ended 31.03.2020	Year ended 31.03.2019
Revenue	35,162	36,825
Earnings Before Interest, Depreciation, Taxation & Amortization (EBIDTA)	6,861	5,063
Finance Cost	3,985	4,290
Depreciation & Amortization	2,168	1,996
Exceptional Items	-	-
Profit Before Taxation (PBT)	708	(1,223)
Provision for current tax / deferred tax	(1,209)	(84)
Profit after Taxation (PAT)	(501)	(1,139)

The company has reported a net revenue of ₹ 35,162 lakhs as against ₹ 36,825 lakhs in the previous year. The EBITDA of the company stood at ₹ 6,861 lakhs for the year under review as against ₹ 5,063 lakhs for the previous year. The net loss stood at ₹ 501 lakhs for the year under review as against a net loss of ₹ 1,139 lakhs in the previous year.

During the year under review, the company produced 8,72,076 MTs of cement compared to 8,33,470 MTs production in the previous year. Power generated by the company during the year under review was 1,02,205 MWH as against 1,81,733 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, 2020.

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 Telangana, Andhra Pradesh and other 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 Company has not granted any loans, or provided any guarantees or made any investment during the Financial Year 2019-20.

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 given below:

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, adoption and innovation: Nil

c) Foreign Exchange Earnings/ Outgo:

Foreign Exchange Earnings and Outgo:	2019-20	2018-19
Earnings	Nil	Nil
Outgo	Rs.63.31 lakhs	Rs.391.48 lakhs

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri. O. Swaminatha Reddy, who has associated himself with your company as its Chairman for nearly four years resigned from the Board on 24th June 2020. Your Board places on record the contributions made by him to the deliberation of your Board, which are enormous and praise worthy. Your Board wishes him a healthy and active life in the years to come.

Following the resignation of Shri.O.Swaninatha Reddy, Chairman and Shri. K. Thanu Pillai, an independent director has been appointed as Chairman of the Board/Company.

Pursuant to the recommendations made by the Nomination and Remuneration Committee and the approval accorded by the Audit Committee and subject to further approval of the shareholders, Ms. S.Sahithi (DIN: 07293511), has been re-appointed as Executive Director of the company for a period of 3 years with effect from 18th March, 2020.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Dr.S.Anand Reddy will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself, for re-appointment.

Resolutions seeking the approval of the members for the said re-appointment have been incorporated in the notice of the annual general meeting.

None of the 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.

APPOINTMENT OF INDEPENDENT DIRECTORS

In accordance with Section 149 of the Companies Act 2013, approval of the shareholders is sought for re-appointment of Shri K.Thanu Pillai and Shri V.H.Ramakrishnan as independent directors of the company for a second term of 3 years. Similarly Mrs.O.Rekha has been appointed as Independent Director w.e.f 29th July 2020 and the approval of the shareholders is been sought for the said appointment.

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

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 they meet 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 policies for selection of Directors and for determining Director's independence of the Company are available on the company's website, 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 website, www.sagarcelements-r.in.

NUMBER OF MEETINGS OF THE BOARD

Four Board Meetings were held during the financial year 2019-20 and the gap between two consecutive meetings did not exceed one hundred and twenty days. These meetings were held on 22.05.2019, 24.07.2019, 21.10.2019 and 28.01.2020.

AUDIT COMMITTEE:

Currently, the Audit Committee comprises of Mrs.O.Rekha, Shri K.Thanu Pillai and Shri V.H.Ramakrishnan, all independent directors as members. All recommendations made by the Audit Committee during the year 2019-20 were accepted by the Board.

The Audit Committee which met four times during the financial year 2019-20, held its meetings on 22.05.2019, 24.07.2019, 21.10.2019 and 28.01.2020.

NOMINATION & REMUNERATION COMMITTEE:

Currently, the Nomination & Remuneration Committee comprises of Shri K.Thanu Pillai, Shri V.H.Ramakrishnan and Mrs.O.Rekha independent directors as members. All recommendations made by the Nomination & Remuneration Committee, during the year 2019-20 were accepted by the Board.

The Committee which met once during the financial year 2019-20, held its meeting on 28.01.2020

TRANSACTIONS WITH RELATED PARTIES

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 2019-20 are available in the prescribed format, AOC-2 in **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 Code 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 these risks.

AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITORS

M/s.Deloitte Haskins & Sells, Chartered Accountants (FR No.008072S) who were appointed as Statutory Auditors of the company at the 09th Annual General Meeting held on 24th September 2016, will continue to hold office till the conclusion of the 14th Annual General Meeting.

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, 2021. A resolution seeking members' approval of the remuneration fixed 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 2019-20 and the Secretarial Audit Report submitted by them for the said year is given in the **Annexure-2** to this report.

SECRETARIAL STANDARDS

The Company has complied with all applicable secretarial standards.

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

The company, 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 programmers 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.

TRANSFER TO RESERVES

During the Financial Year under review, no amount was transferred to General Reserve.

CORPORATE SOCIAL RESPONSIBILITY:

Provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are presently not applicable to the company as it is not covered under the parameters mentioned in the said section.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of the business.

INTERNAL FINANCIAL CONTROLS

The Company has adequate financial controls at every level to check and control any defects and frauds in the Company

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 or 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 or material orders have been passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Section 134(5) of the Companies Act, 2013 the Board of Directors, to the best of their knowledge and ability, confirm 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

Place: Hyderabad
Date: 29.07.2020

S.Anand Reddy
Managing Director
DIN: 00123870

S.Sahithi
Executive Director
DIN: 07293511

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 2019-20.

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

There were no material contracts or arrangements or transactions with related parties during the financial year 2019-20.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 29.07.2020

S.Anand Reddy
Managing Director
DIN: 00123870

S.Sahithi
Executive Director
DIN: 07293511

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended on March 31, 2020

[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,
Plot No.111, Road No.10,
Jubilee Hills, Hyderabad-500 033

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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 company'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, 2020 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 the Company for the financial year ended on March 31, 2020 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, 2018;
 - 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 is not within the scope of our audit.

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. There were no changes in the composition of the Board of Directors during the period under review.

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, all the decisions of the Board were without any dissent.

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 audit period:

- i) The Company has shifted its Registered Office from the State of Karnataka to the State of Telangana and there were no other specific events or actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

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

S.Srikanth
Partner

Place: Hyderabad
Date: 21st May, 2020

ACS No.: 22119
C P No.: 7999
UDIN: A022119B000266330

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,
Plot No.111, Road No.10,
Jubilee Hills, Hyderabad-500 033

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

UDIN: A022119B000266330

Place: Hyderabad
Date: 21st May, 2020

Form No. MGT -9

Extract of Annual Return as on the financial year ended March 31, 2020

[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	U40300TG2007PLC134320
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	Plot No.111 Road No.10, Jubilee Hills, Telangana, Hyderabad, India - 500 033. Ph: 040-23351571 Email: soundar@sagarcements.in
vi)	Whether listed Company	Yes (Listed as a debt listed company)
vii)	Name, address and contact details of Registrar and Transfer Agent, if any (For Debt Instruments)	Kfin Technologies Private Limited Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Hyderabad -500032 Tel : 040-67162222 Fax : 040-23001153 e-mail: einward.ris@kfintech.com Toll Free No: 1800-3454-001 Website: kfintech.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	96.72%
II	Power	351	3.28%

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 (Holding Company)	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) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	h) Foreign Venture Capital Finds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	i) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	SUB-TOTAL (B) (1)									
2.	Non-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 01-04-2019)			No. of Shares held at the end of the year (As on 31-03-2020)			% 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%	10,38,12,918	100	100%	100
Late S.Veera Reddy (Nominee of Sagar Cements Ltd.)	01	-	-	-	-	-	-
S.Sahithi (Nominee of Sagar Cements Ltd.)	-	-	-	01	-	-	-
S.Siddarath (Nominee of Sagar Cements Ltd.)	-	-	-	01	-	-	-
S.Vanajatha (Nominee of Sagar Cements Ltd.)	01	-	-	01	-	-	-
Dr.S.Anand Reddy (Nominee of Sagar Cements Ltd.)	01	-	-	01	-	-	-
S.Aruna (Nominee of Sagar Cements Ltd.)	01	-	-	01	-	-	-
S.Sreekanth Reddy (Nominee of Sagar Cements Ltd.)	01	-	-	01	-	-	-
S.Rachana (Nominee of Sagar Cements Ltd.)	01	-	-	01	-	-	-

iii) Change in Shareholding of Promoters

	Shareholding at the beginning of the year (As on 01-04-2019)		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
	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 - Nil.

v) Shareholding of Directors and Key Managerial personnel - Nil

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (₹ in Lakhs)

Particulars		Secured Loan excluding deposits	Unsecured Loan	Deposits	Total Indebtedness
I.	Indebtedness at the beginning of the financial year				
i.	Principal Amount	31,500.00	2,900.00	557.00	34,957.00
ii.	Interest due but not paid	-	-	-	-
iii.	Interest accrued but not due	4,749.00		-	4,749.00
Total (i+ii+iii)		36,249.00	2,900.00	557.00	39,706.00
Change in Indebtedness during the financial year					
Addition		3,710.00	-	-	3,710.00
Reduction		(6,547.00)	(500.00)	-	(7,047.00)
Net Change		(2,837.00)	(500.00)	-	(3,337.00)
II.	Indebtedness at the end of the financial year				
i.	Principal Amount	29,710.00	2,400.00	670.00	32,780.00
ii.	Interest due but not paid	-	-	-	-
iii.	Interest accrued but not due	4,814.00		-	4,814.00
Total (i+ii+iii)		34,524.00	2,400.00	670.00	37,594.00

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	36.00
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	36.00
Ceiling as per the Act (Schedule V)	Nil	36.00

B. Remuneration to other directors

(₹ in Rupees)

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, 2020.

INDEPENDENT AUDITORS' REPORT

To The Members of **SAGAR CEMENTS (R) LIMITED**

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 26 of the Statement which explains the uncertainties related to the COVID-19 pandemic, wherein the eventual outcome of impact of the global health pandemic may be different from those estimated by the Management. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	Auditor’s Response
<p>Revenue recognition – Price Discounts(Refer Note 38 of the Standalone financial statements)</p> <ul style="list-style-type: none"> • Revenue is measured net of discounts earned by customers on the Company’s sales. • Due to the Company’s presence across different marketing regions within the country and the competitive business environment, price discounts vary based on the customer and market it caters to and recognised based on sales made during the year. These discounts are calculated based on the market study reports which reports are collated periodically by the management and are prone to manual interventions. • Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price discounts. • Given the complexity involved in the assessment of price discounts and their periodic recognition against sales, the same is considered as key audit matter. 	<p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the Company’s accounting policies relating to Price discounts by comparing with applicable accounting standards. • Assessed the design and tested the implementation and operating effectiveness of Company’s internal controls over the approvals, calculation, accounting and issuance of credit notes. • Obtained and inspected, on a sample basis, supporting documentation for price discounts recorded and credit note issued during the year as well as credit notes issued after the year end date to determine whether these were recorded appropriately. • Compared the historical trend of price discounts to sales made to determine the appropriateness of current year’s discount charge.

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

- The Company’s Board of Directors is responsible for the other information. The other information comprises the Director’s report, Management discussion and analysis report including Annexures, but does not include the financial statements and our auditor’s report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the other information, if we conclude that there is a material misstatement therein, we require to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities relating to other information'.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 Ind AS 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - 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

Place: Hyderabad
Date: May 29, 2020

(Membership No.201193)
(UDIN: 20201193AAAAC16348)

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, 2020 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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, 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, 2020, based on the criteria for internal financial control over financial reporting established by the respective 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)

(UDIN: 20201193AAAACI6348)

Place: Hyderabad
Date: May 29, 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed 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 lender.
- (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 clause (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,

Customs Duty, 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, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2020 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 of Income Tax (Appeals)	2011-12	1,875	1,739
Sales Tax and VAT Laws	Sales tax and VAT	High Court of Andhra Pradesh and Telangana	2008-11	80	80
Customs Act, 1962	Customs duty	CESTAT	2011-12 to 2012-13	112	112
Central Excise Act, 1944	Excise duty	Commissioner (Appeals)	2012-13 to 2014-15	211	302
		Commissioner (Appeals)	2016-17	311	-
		CESTAT	2013-14	92	92
Local Areas Act, 2001	Entry tax	High Court of Andhra Pradesh and Telangana	2016-17	27	21

There are no dues of Goods and Services Tax as on March 31, 2020 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 financial institutions, banks and government and dues to debenture holders.
- (ix) The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no 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, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (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, subsidiary or associate 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-I of the Reserve Bank of India Act, 1934.

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

Ganesh Balakrishnan
Partner

(Membership No.201193)

(UDIN: 20201193AAAACI6348)

Place: Hyderabad
Date: May 29, 2020

Sagar Cements (R) Limited
Balance Sheet as on March 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	42,955	44,022
(b) Capital work-in-progress		322	277
(c) Right of use assets	4	25	-
(d) Intangible assets	3	10	10
(e) Financial assets			
- Other financial assets	5	345	355
(f) Deferred tax assets (net)	25	2,074	3,284
(g) Income tax assets (net)	25	155	18
(h) Other non-current assets	6	43	27
Total Non-current assets (1)		45,929	47,993
Current assets			
(a) Inventories	7	3,513	3,890
(b) Financial assets			
(i) Trade receivables	8	4,190	3,747
(ii) Cash and cash equivalents	9	7	7
(iii) Bank balances other than (ii) above	10	69	137
(iv) Other financial assets	5	70	37
(c) Other current assets	6	1,093	1,564
Total Current assets (2)		8,942	9,382
TOTAL ASSETS (1+2)		54,871	57,375
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	10,381	10,381
(b) Other equity	12	(4,671)	(4,173)
Total equity (1)		5,710	6,208
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	23,676	25,386
(ii) Lease liabilities	34	25	-
(iii) Other financial liabilities	14	1,625	3,015
(b) Provisions	15	123	103
(c) Other current liabilities	16	50	50
Total Non-current liabilities (2)		25,499	28,554
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	3,298	3,231
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		23	20
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,359	5,352
(iii) Lease liabilities	34	2	-
(iv) Other financial liabilities	14	9,150	8,192
(b) Provisions	15	47	36
(c) Other current liabilities	16	5,783	5,782
Total Current liabilities (3)		23,662	22,613
Total Liabilities (4=2+3)		49,161	51,167
Total Equity and Liabilities (1+4)		54,871	57,375
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, 2020

For and on Behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director
DIN No. 00123870

R. Soundararajan
Company Secretary
M.No. F4182

Place : Hyderabad
Date : May 29, 2020

S. Sahithi
Executive Director
DIN No. 07293511

K. Prasad
Chief Financial Officer
DIN No. 06678974

Sagar Cements (R) Limited

Statement of profit and loss for the year ended March 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
I Revenue from operations	17	35,061	36,770
II Other Income	18	101	55
III Total Income (I + II)		35,162	36,825
IV EXPENSES			
(a) Cost of materials consumed	19	4,490	4,279
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(380)	(388)
(c) Employee benefit expenses	21	1,093	855
(d) Finance costs	22	3,985	4,290
(e) Depreciation and amortisation expense	23	2,168	1,996
(f) Power and fuel expenses		10,326	14,565
(g) Freight and forwarding		8,191	7,848
(h) Other expenses	24	4,581	4,603
Total Expenses		34,454	38,048
V Profit/ (loss) before tax (III-IV)		708	(1,223)
VI Tax Expense			
(a) Current tax	25	-	-
(b) Deferred tax	25 & 39	1,209	(84)
Total tax expense		1,209	(84)
VII Loss after tax (V-VI)		(501)	(1,139)
VIII Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss -Remeasurements of the defined benefit plan		4	(33)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(1)	12
Other comprehensive income for the year, net of tax		3	(21)
IX Total Comprehensive loss for the year (VII + VIII)		(498)	(1,160)
X Earnings per share (Face value of ₹ 10 each)			
Basic and Diluted	35	(0.81)	(1.43)
Corporate information and significant accounting policies See accompanying notes forming part of the financial statements	1		

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

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2020

For and on Behalf of the Board of Directors
Dr. S. Anand Reddy
Managing Director
DIN No. 00123870

R. Soundararajan
Company Secretary
M.No. F4182

Place : Hyderabad
Date : May 29, 2020

S. Sahithi
Executive Director
DIN No. 07293511

K. Prasad
Chief Financial Officer
DIN No. 06678974

Sagar Cements (R) Limited

Statement of changes in equity for the year ended March 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital					
Particulars			Amount		
Balance at March 31, 2018			10,381		
Changes in equity share capital during the year			-		
Balance at March 31, 2019			10,381		
Changes in equity share capital during the year			-		
Balance at March 31, 2020			10,381		
B. Other equity					
Particulars	Reserves and surplus			Other items of other comprehensive income	Total other equity
	Securities premium	Deemed investment in equity	Retained earnings		
Balance as at March 31, 2018	7,381	10,735	(21,118)	(11)	(3,013)
Loss for the year	-	-	(1,139)	-	(1,139)
Other comprehensive income for the year (net of tax ₹ 12)	-	-	-	(21)	(21)
Balance as at March 31, 2019	7,381	10,735	(22,257)	(32)	(4,173)
Profit for the year	-	-	(501)	-	(501)
Other comprehensive income for the year (net of tax ₹ 1)	-	-	-	3	3
Balance as at March 31, 2020	7,381	10,735	(22,758)	(29)	(4,671)
See accompanying notes forming part of the financial statements					

In terms of our report attached

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Dr. S. Anand Reddy
Managing Director
DIN No. 00123870

S. Sahithi
Executive Director
DIN No. 07293511

Ganesh Balakrishnan
Partner

R. Soundararajan
Company Secretary
M.No. F4182

K. Prasad
Chief Financial Officer
DIN No. 06678974

Place : Hyderabad
Date : May 29, 2020

Place : Hyderabad
Date : May 29, 2020

Sagar Cements (R) Limited

Statement of cash flows for the year ended March 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A. Cash flow from operating activities				
Loss after tax for the year		(501)		(1,139)
<i>Adjustments for:</i>				
Tax expense	1,209		(84)	
Depreciation and amortisation expense	2,168		1,996	
Finance costs	3,985		4,290	
Interest income	(30)		(19)	
Expected credit loss allowance	63		-	
Unrealised loss on foreign currency transactions and translation	51		-	
Net gain on fair value change in financial instruments	(47)		-	
Liabilities no longer required written back	(22)		(36)	
Advances written off	125		-	
Loss on sale of Property, plant and equipment (net)	-	7,502	56	6,203
Operating profit before working capital changes		7,001		5,064
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Trade receivables	(506)		(336)	
Inventories	377		(1,156)	
Other financial assets	(114)		(85)	
Other assets	367	124	(151)	(1,728)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(19)		(432)	
Other financial liabilities	113		(179)	
Provisions	35		12	
Other liabilities	1	130	1,638	1,039
Cash generated from operating activities		7,255		4,375
Less: Income tax paid		(1)		(18)
Net cash generated from operating activities		7,254		4,357
B. Cash flow from investing activities				
Capital expenditure on property, plant and equipment including capital advances	(1,092)		(2,683)	
Deposits not considered as Cash and cash equivalents				
- Placed	(497)		(1,601)	
- Matured	484		1,600	
Proceeds from disposal of plant and equipments	-		56	
Interest received	33		26	
Net cash used in investing activities		(1,072)		(2,602)

C. Cash flow from financing activities			
Repayment of Loan from holding company	(500)		(500)
Proceeds from loan from related party	-		1,000
Repayment of loan from related party	-		(100)
Proceeds from non-current borrowings	3,643		147
Repayment of non-current borrowings	(6,547)		(589)
Proceeds of current borrowings (net)	67		1,282
Repayment of lease liabilities	(25)		-
Finance costs	(2,820)		(3,038)
Net cash generated used in financing activities		(6,182)	(1,798)
Net increase in cash and cash equivalents (A+B+C)		-	(43)
Cash and cash equivalents at the beginning of the year		7	50
Cash and cash equivalents at the end of the year (Refer Note 9)		7	7
Note:			
Cash and cash equivalents comprises of:			
Cash in hand		-	-
Balances with banks		7	7
Cash and cash equivalents (Refer Note 9)		7	7

Sagar Cements (R) Limited

Statement of cash flows for the year ended March 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

Reconciliations of liabilities from financing activities:

Particulars	As at April 01, 2019	Proceeds	Re-payment	Fair value changes	As at March 31, 2020
Long term borrowings (including current portion)	22,252	3,643	(7,047)	-	18,848
Short term borrowings	3,231	1,478	(1,411)	-	3,298
Total liabilities from financing activities	25,483	5,121	(8,458)	-	22,146

Particulars	As at April 01, 2018	Proceeds	Re-payment	Fair value changes	As at March 31, 2019
Long term borrowings (including current portion)	22,294	1,147	(1,189)	-	22,252
Short term borrowings	1,949	1,282	-	-	3,231
Total liabilities from financing activities	24,243	2,429	(1,189)	-	25,483

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

Particulars	As at April 01, 2019	Recognition on adoption of Ind AS 116	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2020
Lease liabilities	-	50	2	(25)	27

In terms of our report attached

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Dr. S. Anand Reddy
Managing Director
DIN No. 00123870

S. Sahithi
Executive Director
DIN No. 07293511

Ganesh Balakrishnan
Partner

R. Soundararajan
Company Secretary
M.No. F4182

K. Prasad
Chief Financial Officer
DIN No. 06678974

Place : Hyderabad
Date : May 29, 2020

Place : Hyderabad
Date : May 29, 2020

Sagar Cements (R) Limited
Notes to the financial statements

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:

Notes to the financial statements

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

(iii) **Functional and Presentation currency**

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

Rounding of amounts

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

(iv) **Use of estimates and Judgements**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

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

Depreciation on property, plant and equipment and amortisation of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets, though these

Notes to the financial statements

rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

- **Defined benefit plans**

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

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

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

- **Fair value measurement of Financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Provisions and contingencies**

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

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

Notes to the financial statements

- **Expected credit losses**

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

(v) **Revenue recognition**

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

Generation of Power:

In case of power generation, revenue from sale of energy is 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.

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

(vi) **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.

Notes to the financial statements

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.

(vii) Government grants

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

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

(viii) 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

Notes to the financial statements

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.

(ix) 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.

Notes to the financial statements

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.

(x) **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.

Notes to the financial statements

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

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

The 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.

Land-Restoration:

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

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

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

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

Notes to the financial statements

(xi) Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(xii) 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.

(xiii) 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.

(xiv) 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.

Notes to the financial statements

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.

(xv) **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. Derivative Financial Instruments:** The Company uses derivative financial instruments, such as forward currency

Notes to the financial statements

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

- e. **Financial liabilities:** Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration 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

Notes to the financial statements

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.

(xvi) 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 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

Notes to the financial statements

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.

(xvii) 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.

(xviii) 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).

(xix) 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.

(xx) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether

Notes to the financial statements

an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying

Notes to the financial statements

asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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

(xxi) 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.

(xxii) New Standards and interpretations not yet adopted

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

Sagar Cements (R) Limited
Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

2. Property, plant and equipment

Particulars	As at March 31, 2020	As at March 31, 2019
Land - freehold	2,742	2,742
Land-restoration	37	40
Buildings	3,842	3,591
Plant and machinery	33,428	34,517
Furniture and fittings	37	41
Office and other equipment	392	440
Electrical installations	2,180	2,317
Computers	14	15
Vehicles	283	319
Total	42,955	44,022

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

For the year 2019-20

Description of assets	Land free hold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Total
I. Gross Block										
Opening Balance	2,742	50	4,208	45,052	65	693	3,536	167	436	56,949
Add: Additions	-	-	417	509	2	28	100	3	17	1,076
Less: Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	2,742	50	4,625	45,561	67	721	3,636	170	453	58,025
II. Accumulated depreciation										
Opening Balance	-	10	617	10,535	24	253	1,219	152	117	12,927
Add: Depreciation expense	-	3	166	1,598	6	76	237	4	53	2,143
Less: Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	-	13	783	12,133	30	329	1,456	156	170	15,070
Net block (I-II) Carrying value as at March 31, 2020	2,742	37	3,842	33,428	37	392	2,180	14	283	42,955
Carrying value as at March 31, 2019	2,742	40	3,591	34,517	41	440	2,317	15	319	44,022

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

For the year 2018-19

Description of assets	Land free hold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Total
I. Gross block										
Opening balance	2,720	50	3,790	43,248	54	669	3,249	162	300	54,242
Add: Additions	22	-	418	1,953	11	24	287	5	136	2,856
Less: Disposals	-	-	-	149	-	-	-	-	-	149
Balance as at March 31, 2019	2,742	50	4,208	45,052	65	693	3,536	167	436	56,949
II. Accumulated depreciation										
Opening balance	-	7	486	9,072	19	182	1,000	136	73	10,975
Add: Depreciation expense	-	3	131	1,500	5	71	219	16	44	1,989
Less: Eliminated on disposal of assets	-	-	-	37	-	-	-	-	-	37
Balance as at March 31, 2019	-	10	617	10,535	24	253	1,219	152	117	12,927
Net block (I-II) Carrying value as at March 31, 2019	2,742	40	3,591	34,517	41	440	2,317	15	319	44,022
Carrying value as at March 31, 2018	2,720	43	3,304	34,176	35	487	2,249	26	227	43,267

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2020	As at March 31, 2019
3	Intangible assets		
	Computer software	10	10
	Total	10	10
	Computer Software		
	I. Gross Block		
	Opening Balance	139	139
	Add: Additions	-	-
	Less: Disposals	-	-
	Closing Balance	139	139
	II. Accumulated amortisation		
Opening Balance	129	122	
Add: Amortisation expense	-	7	
Less: Eliminated on disposal of assets	-	-	
Closing Balance	129	129	
Net block (I-II)			
Carrying Value	10	10	
4	Right of use assets		
	Buildings	25	-
	Total	25	-
	Buildings:		
	I. Gross block		
	Opening Balance	-	-
	Add: Recognition on adoption of Ind AS 116	50	-
	Add: Additions	-	-
	Less: Deletion	-	-
	Closing Balance	50	-
II. Accumulated depreciation			
Opening Balance	-	-	
Add: Depreciation expense	25	-	
Closing Balance	25	-	
Net block (I-II)			
Carrying Value	25	-	

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2020	As at March 31, 2019
5	Other financial assets (Unsecured, considered good)		
	Non-current		
	Security deposits	144	182
	Financial benefit due to guarantee by parent company	101	154
	Balances held as margin money deposit against borrowings	100	19
	Total	345	355
	Current		
	Security deposits	9	18
	Advances to employees	3	5
	Interest accrued but not due	11	14
	Derivatives designated in hedge accounting relationship	47	-
	Total	70	37
Total Other financial assets	415	392	
6	Other assets (Unsecured, considered good)		
	Non-current		
	Capital advances	35	25
	Prepaid expenses	1	2
	Balances with government authorities	7	-
	Total	43	27
	Current		
	Advances to suppliers and service providers	187	654
	Prepaid expenses	79	62
	Balances with government authorities	100	121
	Incentives receivable from government	727	727
	Total	1,093	1,564
Total Other assets	1,136	1,591	

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2020	As at March 31, 2019
7	Inventories (at lower of cost and net realisable value)		
	Raw materials	329	271
	Coal	963	1,417
	Work-in-progress	847	679
	Stores and spares	668	517
	Packing materials	108	119
	Finished goods	495	283
	Total (A)	3,410	3,286
	Goods-in-transit:		
	Coal	103	604
	Total (B)	103	604
	Total inventories (A+B)	3,513	3,890
8	Trade receivables		
	Trade receivables considered good - Secured	370	138
	Trade receivables considered good - Unsecured	3,820	3,609
	Trade receivables - credit impaired	110	47
	Sub-total	4,300	3,794
	Less: Expected credit loss allowance	(110)	(47)
	Total trade receivables	4,190	3,747
<p>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:</p>			
Age of receivables			
	Particulars	As at March 31, 2020	As at March 31, 2019
	Within the credit period	2,852	3,084
	1-30 days past due	467	250
	31-60 days past due	88	97
	61-90 days past due	71	124
	91-180 days past due	284	53
	More than 180 days past due	538	186
	Total	4,300	3,794

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	2019-20	2018-19		
	Movement in expected credit loss allowance				
	Balance at the beginning of the year	47	47		
	Add: Expected credit loss allowance	63	-		
	Balance at the end of the year	110	47		
	Particulars	As at March 31, 2020	As at March 31, 2019		
9	Cash and cash equivalents				
	(a) Cash in hand	-	-		
	(b) Balances with banks	7	7		
	Total cash and cash equivalents	7	7		
10	Other bank balances				
	Margin money deposits (Refer Note below)	69	137		
	Total other bank balances	69	137		
	Note: Margin money deposits are against bank guarantees and cash credit facilities.				
Note	Particulars	As at March 31, 2020		As at March 31, 2019	
		No. of shares	Amount	No. of shares	Amount
11	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, 2020		As at March 31, 2019	
		No. of shares	% Holding	No. of shares	% Holding
	Sagar Cements Limited	10,38,12,925	100%	10,38,12,925	100%

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

(b) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:				
Particulars	As at March 31, 2020		As at March 31, 2019	
	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:				
<p>The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.</p>				

Note	Particulars	As at March 31, 2020	As at March 31, 2019
12	Other equity		
	Securities premium	7,381	7,381
	Deemed investment in equity	10,735	10,735
	Retained earnings	(22,758)	(22,257)
	Other items of other comprehensive income	(29)	(32)
	Total other equity	(4,671)	(4,173)
	Movement in other equity is as follows:		
	Securities premium	7,381	7,381
	Deemed investment in equity	10,735	10,735
	Retained earnings		
	(i) Opening balance	(22,257)	(21,118)
	(ii) Loss for the year	(501)	(1,139)
		(22,758)	(22,257)
	Other items of other comprehensive income		
	(i) Opening balance	(32)	(11)
	(ii) Other comprehensive income for the year	3	(21)
		(29)	(32)
	Total	(4,671)	(4,173)

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Nature of reserves:

(a) Securities premium

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

(b) Deemed investment in equity

Deemed investment in equity 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 undistributed earnings after taxes.

(d) Other items of other comprehensive income

Other items of other comprehensive income consist of re-measurement of net defined benefit liability.

Note	Particulars	As at March 31, 2020	As at March 31, 2019
13	Non current borrowings * (Secured, at amortised cost)		
	(a) Term loans		
	Debentures (Refer Note (ii))	10,384	12,692
	Loans from banks (Refer Note (i) and Note 37)	3,273	3,719
	(b) Loans from holding company		
	8% Cumulative redeemable preference shares	10,019	8,975
	Total non-current borrowings	23,676	25,386
	*Current maturities of non-current borrowings have been disclosed under the head "Other financial liabilities."		
	Note (i):		
	As at March 31, 2020:		
	Bank	Loan outstanding	Terms of repayment Rate of interest
	The Federal Bank Limited (Refer Note (a) below)	3,624	22 quarterly instalments 9.00%
	Vehicle loans from banks/ financial institutions (Refer Note (b) below)	77	17 monthly instalments 9.50%
	Less: Current maturities of non-current borrowings	(428)	
		3,273	

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

As at March 31, 2019:			
Bank	Loan outstanding	Terms of repayment	Rate of interest
Yes Bank Limited (Refer Note (a) below)	4,142	25 quarterly instalments	11.65%
Vehicle loans from banks/ financial institutions (Refer Note (b) below)	153	1-29 monthly instalments	9.15% - 10.50%
Less: Current maturities of non-current borrowings	(576)		
	3,719		
Notes:			
<p>(a) Term loan is secured by pari-passu charge on the property, plant and equipment (including mining land) owned by or belonging to 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 - Managing Director and S. Sreekanth Reddy - Director and corporate guarantee of Sagar Cements Limited and First pari-passu charge on shares of Sagar Cements (R) Limited held by Sagar Cements Limited subject to RBI Guidelines.</p> <p>(b) Vehicle loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.</p> <p>(c) As per RBI Circulars DOR.No.BP.BC.47/21.04.048/2019-20 and DOR.No.BP.BC.63/21.04.048/2019-20 dated March 27, 2020 and April 17, 2020 respectively, relating to the COVID-19 Regulatory Package, the Company availed moratorium of three months on the payment of interest on cash credit accounts, falling due between March 1, 2020 and May 31, 2020 from State Bank of India and Federal Bank Limited. Further, the Company also availed moratorium of three months on the payment of installment and interest on term loan falling due between March 1, 2020 and May 31, 2020 from Federal Bank Limited.</p>			
<p>Note (ii): Non-Convertible Debentures (NCD) have been issued to International Finance Corporation (IFC). A total of 1,500 NCD's have been issued (₹ 10 lakhs each) aggregating ₹ 15,000. Interest payable on the NCD's is @11.60%. The NCD's were issued on 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 Company has paid two installments during the current year. The NCD's are secured by pari-passu charge on the property, plant and equipment i.e., Land, Buildings, Plant & Machinery and Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's. As per the agreement with the IFC, Company's obligation towards debt and interests from Holding Company are subordinate to the payment due to IFC against the NCD's.</p>			

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2020	As at March 31, 2019
	Current borrowings (Secured, at amortised cost)		
	Loans repayable on demand		
	Cash credit facilities (Refer Notes below and Note 37)	3,298	3,231
	Total	3,298	3,231
	Notes:		
	<p>1. The Company has availed cash credit facilities from State Bank of India. This facility is secured against all current assets, present and future, and by second charge on entire property, plant and equipment of the Company including land and building and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The loans are repayable on demand and carries interest @ 10.65% p.a to 11.05% p.a. (2018-19: 10.45% p.a. to 11.05% p.a.).</p> <p>2. The Company has availed cash credit facilities from The Federal Bank Limited. This facility is secured against all current assets, present and future, and by second charge on property, plant and equipment (movable and immovable, including mining land) of the Company, present and future, and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @8.95% p.a. (2018-19: Nil). During the financial year, the Company transferred its cash credit facilities from Yes Bank Limited to Federal Bank Limited.</p>		
Note	Particulars	As at March 31, 2020	As at March 31, 2019
14	Other financial liabilities		
	Non-current		
	Security deposits received	670	557
	Loan from others	55	58
	Loan from related party	900	2,400
	Total	1,625	3,015
	Current		
	Current maturities of non-current borrowings	4,236	3,383
	Interest accrued but not due on borrowings	4,814	4,749
	Payables on purchase of property, plant and equipment	100	60
	Total	9,150	8,192
	Total other financial liabilities	10,775	11,207

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2020	As at March 31, 2019
15	Provisions		
	Gratuity (Refer Note 31)	104	83
	Compensated absences (Refer Note 31)	66	56
	Total provisions	170	139
	Non-current		
	Gratuity	75	62
	Compensated absences	48	41
	Total	123	103
	Current		
	Gratuity	29	21
	Compensated absences	18	15
	Total	47	36
16	Other Liabilities		
	Non-current		
	Liability for land restoration	50	50
	Total	50	50
	Current		
	Advance from customers	495	678
	Advance from related parties (Refer Note 33)	4,814	4,251
	Statutory remittances	474	853
	Total	5,783	5,782
	Total other liabilities	5,833	5,832

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
17	Revenue from operations		
	Revenue from		
	- Sale of cement (Refer Note 38)	33,881	32,438
	- Sale of power	1,151	4,232
	Other operating income		
	- Sale of scrap	19	65
	- Insurance claims	8	32
	- Others	2	3
	Total revenue from operations	35,061	36,770
18	Other income		
	Interest Income on financial assets carried at amortised cost	30	19
	Rent received from employees	2	-
	Net gain on fair value change in financial instruments	47	-
	Liabilities no longer required written back	22	36
	Total other income	101	55
19	Cost of materials consumed		
	Opening stock	271	351
	Add: Purchases	4,548	4,199
	Less: Closing stock	329	271
	Cost of materials consumed	4,490	4,279
	Details of materials consumed		
	Limestone	1,895	1,968
	Laterite	1,070	1,005
	Iron-ore sludge	274	388
	Gypsum	469	464
	Fly ash	418	438
	Slag	364	16
	Total	4,490	4,279
20	Changes in inventories of finished goods, work-in-progress and stock-in-trade		
	<u>Inventories at the beginning of the year:</u>		
	Finished goods	283	246
	Work-in-progress	679	328
		962	574

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	<u>Inventories at the end of the year:</u>		
	Finished goods	495	283
	Work-in-progress	847	679
		1,342	962
	Net increase	(380)	(388)
21	Employee benefit expenses		
	Salaries and wages, including bonus	932	746
	Contribution to provident and other funds	92	69
	Staff welfare expenses	69	40
	Total employee benefit expenses	1,093	855
22	Finance cost		
	Interest expense	2,391	2,781
	Other borrowing cost	1,594	1,509
	Total finance cost	3,985	4,290
23	Depreciation and amortisation expense		
	Depreciation of property, plant and equipment	2,143	1,989
	Depreciation on right of use assets	25	-
	Amortisation of intangible assets	-	7
	Total depreciation and amortisation expense	2,168	1,996
24	Other expenses		
	Packing material consumed	1,419	1,472
	Stores and spares consumed	891	900
	Repairs and maintenance		
	- Plant and equipment	765	815
	- Others	145	114
	Selling expense	485	533
	Expected credit loss allowance	63	-
	Advances written off	125	-
	Loss on sale of plant and equipment	-	56
	Rent	44	70
	Insurance	69	62
	Rates and taxes	31	61
	Payment to Auditors (Refer Note (i) below)	18	18
	Travelling expenses	76	82
	Security services	119	110
	Donations and contributions	6	9
	Legal and professional	253	268
	Administrative expenses	26	15
	Printing and stationery	3	3

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Communication	10	9
	Net Loss on foreign currency transactions and translation	43	-
	Director sitting fees	3	3
	Miscellaneous expenses	9	42
	Captive consumption of Cement	(22)	(39)
	Total other expenses	4,581	4,603
	Note (i):		
	Payment to Auditors (net of taxes) comprises:		
	For audit	11	11
	For limited review	5	5
	For other services	2	2
	Total	18	18
25	Income tax expense		
	(a) Income tax recognized in the statement of profit and loss		
	Current tax:		
	In respect of current year	-	-
	Total current tax	-	-
	Deferred tax		
	In respect of current year origination and reversal of temporary differences	1,209	(84)
	Total deferred tax	1,209	(84)
	Total tax expense	1,209	(84)
	(b) Reconciliation of effective tax rate:		
	Profit/ (loss) before tax (A)	708	(1,223)
	Statutory tax rate in India (B)	27.82%	34.94%
	Expected tax expense (C = A*B)	197	(427)
	Effect on expenses disallowed under Income Tax Act, 1961	305	371
	Effect on change in depreciation while filing Income tax return	-	(53)
	Effect on change in Income tax rate	680	-
	Others	27	25
	Total	1,012	343
	At the effective income tax rate	1,209	(84)
	Total Tax expense	1,209	(84)

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

(c) Movements in deferred tax assets and liabilities for the year 2019-20:

Particulars	Opening balance	(Recognised) / reversed through the statement of profit and loss	(Recognised) / Reversed through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(8,090)	1,380	-	(6,710)
Provision for employee benefits	49	(3)	(1)	45
Carry forward business unabsorbed depreciation and business losses	11,309	(2,601)	-	8,708
Expected credit loss allowance	16	15	-	31
Total Deferred tax asset (Net)	3,284	(1,209)	(1)	2,074

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

Particulars	Opening balance	(Recognised) / reversed through the statement of profit and loss	(Recognised) / Reversed through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(7,525)	(565)	-	(8,090)
Provision for employee benefits	33	4	12	49
Carry forward business unabsorbed depreciation and business losses	10,664	645	-	11,309
Expected credit loss allowance	16	-	-	16
Total Deferred tax asset (Net)	3,188	84	12	3,284

(d) Income tax assets and liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax assets (Net of provision of ₹ Nil (2018-19: ₹ Nil))	155	18
Income tax liabilities	-	-
Net Income tax assets	155	18

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

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

The Government of India, declared a lockdown on March 23, 2020 in the light of the outbreak of COVID-19, on account of which the Company suspended its operations from March 23, 2020. The Company has been taking various precautionary measures to protect its employees and their families from the COVID-19 pandemic. Operations have been resumed, subsequent to the year end, from May 04, 2020, wherein the Company has taken all necessary safety measures as laid down by the government for the purpose.

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

27. 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, 2020	As at March 31, 2019
Direct tax matters	1,875	608
Indirect tax matters	521	521

- (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, 2019: ₹ 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

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

the Department. Credit will be taken again once the issue is settled in favour of the Company.

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

b) Capital commitments:

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of capital advance)	508	31

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	23	20
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act.	-	-
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29. Financial Instruments:

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

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 13 and 14 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, 2020	As at March 31, 2019
Debt (Refer Note below)	32,165	34,458
Cash and bank balances	76	144
Net debt	32,089	34,314
Total equity	5,710	6,208
Net debt to equity ratio	5.62	5.53

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

B) Financial assets and liabilities:

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

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Assets		
Measured at amortised cost		
(i) Trade receivables	4,190	3,747
(ii) Cash and cash equivalents	7	7

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

(iii) Other bank balances	69	137
(iv) Other financial assets	415	392
Total Financial assets	4,681	4,283
Particulars	As at March 31, 2020	As at March 31, 2019
Financial Liabilities		
Measured at amortised cost		
(i) Borrowings	31,210	32,000
(ii) Trade payables	5,382	5,372
(iii) Lease liabilities	27	-
(iv) Other financial liabilities	6,539	7,824
Total Financial liabilities	43,158	45,196

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.

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

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.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's: Loss for the year ended March 31, 2020 would decrease/increase by ₹ 106 (for the year ended March 31, 2019: decrease/increase by ₹ 115). 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, except for three customers against whom the concentration of credit risk did not exceed 15% of gross monetary assets. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets.

D) Liquidity Risk Management:

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

The Company regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing short term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Financing Facilities:

Particulars	As at March 31, 2020	As at March 31, 2019
Secured bills acceptance facility, reviewed annually		
- amount used	1,162	1,283
- amount unused	338	217
Total	1,500	1,500
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	3,298	3,231
- amount unused	702	769
Total	4,000	4,000
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	3,701	4,295
- amount unused	-	-
Total	3,701	4,295
Secured non-convertible debentures		
- amount used	12,692	15,000
- amount unused	-	-
Total	12,692	15,000
Secured loan from holding company		
- amount used	1,500	2,000
- amount unused	-	-
Total	1,500	2,000

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

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	5,382	-	-
Lease liabilities	2	25	-
Other financial liabilities	4,914	7	1,618
Borrowings (including current maturities of non-current borrowings)	7,534	2,832	20,844

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	5,372	-	-
Other financial liabilities-current	4,809	1,502	1,513
Borrowings (including current maturities of non-current borrowings)	6,614	2,861	22,525

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

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	2	13,14,517	954	Buy	Rupees

30. 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 ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Sagar Cements Limited	6,314	6,251	7,420	6,479

31. 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 ₹ 59 (2018-19: ₹ 46).

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

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

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 ₹ 2 (2018-19: ₹ 2).

(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, 2020 and March 31, 2019:

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	6.73%	7.65%
Expected rate of return on plan asset	7.65%	8.09%
Expected average remaining working lives of employees	20.65 years	20.37 years
Rate of escalation in salary	10%	10%
Attrition rate	10%	10%

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	26	20
Interest expense	20	4
Expected return on plan assets	(14)	(1)
Defined benefit cost included in profit and loss	32	23

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Re-measurement effects recognized in Other Comprehensive Income (OCI)		
Actuarial loss/ (gain)	(4)	33
Components of defined benefit costs recognized in OCI	(4)	33

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of funded defined benefit obligations	144	104
Fair value of plan assets	(40)	(21)
Net liability arising from defined benefit obligation	104	83

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Defined benefit obligation at the beginning of the year	104	51
Current service cost	26	20
Interest cost	20	4
Re-measurements - Actuarial loss / (gain)	(4)	33
Benefits paid out of plan assets	(2)	(4)
Defined benefit obligation at the year end	144	104

(e) Maturity profile of defined benefit obligation:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Within 1 year	29	21
1 – 2 years	11	9
2 – 3 years	15	9
3 – 4 years	11	12
4 – 5 years	13	8
5 – 10 years	49	40

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening fair value of the plan assets	21	13
Expected return on plan assets	14	1

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Contributions from the employer	7	11
Benefits paid out of plan assets	(2)	(4)
Fair value of plan asset at the year end	40	21

(g) Sensitivity Analysis:

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

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	134	155	97	111
Effect of 1% change in assumed salary rate	155	134	111	97
Effect of 1% change in assumed attrition rate	142	146	102	105

The Company is expected to contribute ₹ 103 lakhs to its defined benefit plans during the next financial year.

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, 2020	For the year ended March 31, 2019
Discount Rate	6.73%	7.65%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM (2012-14) (Ultimate)	IALM (2012-14) (Ultimate)

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

32. 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.

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

The Company has identified business segments as its reportable segment. Business segments are primarily cement manufacturing segment and power generation segment. No operating segments have been aggregated in arriving at the reportable segments of the Company. 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 is being allocated to reportable segment distinctly identified to power is allocated to power segment and remaining is allocated to cement segment.

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation			
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	33,910	32,538	5,149	8,377	39,059	40,915
Less: Inter-segment revenue	-	-	3,998	4,145	3,998	4,145
Total	33,910	32,538	1,151	4,232	35,061	36,770
Segment result	4,808	3,692	(145)	(680)	4,663	3,012
<u>Unallocable:-</u> Finance Costs					3,985	4,290
- Interest Income					(30)	(55)
Profit/ (Loss) before taxes					708	(1,223)
Tax expense					(1,209)	84
Profit/ (Loss) for the year					(501)	(1,139)

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation			
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Segment assets	40,071	40,626	12,283	13,270	52,354	53,896
Un-allocable assets					2,517	3,479
Total assets					54,871	57,375
Segment liabilities	11,848	10,878	334	1,082	12,182	11,960
Un-allocable liabilities					36,979	39,207
Total liabilities					49,161	51,167

Revenue from major Customers:

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

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

33. 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
Dr. S. Anand Reddy	Managing Director (MD)
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)
Relatives of KMP:	
S. Vanajatha	Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
R V 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

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

Nature of transaction	Party name	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of packing materials	Panchavati Polyfibres Limited	1,412	1,387
Sale of power	Sagar Cements Limited	1,083	3,697
Purchase of coal	Sagar Cements Limited	947	1,106
Purchase of scrap	Sagar Cements Limited	2	5
Sale of scrap	Sagar Cements Limited	-	53
Services received	Sagarsoft (India) Limited	14	14
	Sagar Cements Limited	360	360
	Total	374	374

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Rent expenses paid	Dr. S. Anand Reddy	7	7
	S. Sreekanth Reddy	7	7
	S. Vanajatha	7	7
	Total	21	21
Reimbursement of expenses paid	Sagar Cements Limited	2	2
Interest expense on loan	Sagar Power Limited	99	76
Interest expense on loan, corporate guarantee and cumulative redeemable preference shares	Sagar Cements Limited	1,313	1,273
Loans and advances taken	Sagar Cements Limited – Advance	3,477	6,141
Repayment against loan taken	Sagar Cements Limited	500	500
	Sagar Power Limited	-	100
Receipt of advance given	Sagar Power Limited	-	60

Compensation to key managerial personnel is as follows:

Nature of the transaction	Party Name	For the year ended	
		March 31, 2020	March 31, 2019
Short-term benefits	MD, ED, CS and CFO	36	24
Other benefits	Chairman, MD, ED, CS, CFO and non-executive and Independent Directors	3	3

Outstanding balances:

Nature of the balance	Party name	As at March 31, 2020	As at March 31, 2019
Borrowings	Sagar Cements Limited	1,500	2,000
Advances	Sagar Cements Limited	4,814	4,251
Interest accrued but not due	Sagar Cements Limited	4,293	4,098
Interest payable	Sagar Power Limited	11	24
Trade payables	Sagarsoft (India) Limited	1	1
	Panchavati Polyfibres Limited	410	141
	Total	411	142

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

8% Cumulative Redeemable Preference Shares	Sagar Cements Limited	10,019	8,975
Rent payable	Dr. S. Anand Reddy	-	1
	S. Sreekanth Reddy	-	1
	S. Vanajatha	-	1
	Total	-	3
Loans received	Sagar Power Limited	900	900
Corporate guarantee taken	Sagar Cements Limited	19,643	21,000

34. Operating Lease

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

Operating lease commitments

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

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

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

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

Transition to Ind AS 116

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

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

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 50 and a lease liability of ₹ 50.

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

Particulars	For the year ended March 31, 2020
Balance as at April 01, 2019	-
Recognition on adoption of Ind AS 116	50
Depreciation	(25)
Closing Balance	25

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss

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

Particulars	For the year ended March 31, 2020
Recognition on adoption of Ind AS 116	50
Finance cost accrued during the year	2
Payment of lease liabilities	(25)
Closing Balance	27

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	For the year ended March 31, 2020
Non-current lease liabilities	25
Current lease liabilities	2
Total	27

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

Particulars	For the year ended March 31, 2020
Within one year	2
After one year but not more than five years	25

35. Earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Loss for the period (₹ in Lakhs)	(501)	(1,139)
Add: Dividend attributable to 8% cumulative redeemable preference shares (₹ in Lakhs)	(344)	(344)
Loss for the year attributable to equity shareholders (₹ in Lakhs)	(845)	(1,483)
Weighted average number of equity shares outstanding	103,812,925	103,812,925
Earnings per share		
Basic and Diluted (in ₹)	(0.81)	(1.43)

36. 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, 2019: ₹ 401) has been accounted as deemed investment in equity.
37. The Company has transferred its term loans of ₹ 3,643 from Yes Bank Limited to Federal Bank limited for optimization of interest during the financial year 2019-20.

The Company has also transferred its working capital facilities of ₹ 2,500 lakhs with Yes Bank Limited to Federal Bank Limited for optimization of interest rate during the financial year 2019-20.

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per Contract price	37,931	34,843
Less: Discounts and incentives	(4,050)	(2,405)
Revenue as per statement of profit and loss	33,881	32,438

- The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.
 - The Company does not provides performance warranty for products, therefore there is no liability towards performance warranty.
 - The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.
39. For the financial year 2019-20, there is change in the Income tax rate applicability to the Company. Company has applied the tax rate of 27.82% for the current year for calculation of deferred tax asset, whereas for the previous year it is 34.94%. Differential deferred tax, on account of change in tax rate is transferred to statement of profit and loss.
40. These financial statements were approved by the Company's Board of Directors on May 29, 2020.

For and on Behalf of the Board of Directors

Dr. S. Anand Reddy

Managing Director

DIN No. 00123870

S. Sahithi

Executive Director

DIN No. 07293511

Place : Hyderabad

Date : May 29, 2020

R. Soundararajan

Company Secretary

M.No. F4182

K. Prasad

Chief Financial Officer

DIN No. 06678974

SAGAR CEMENTS (R) LIMITED

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033

CIN: U40300TG2007PLC134320

Tel.No.: +91-40-23351571 Website: www.sagarements-r.in

ATTENDANCE SLIP

13th Annual General Meeting of the company, to be held on Monday, the 28th day of September 2020 at 11.00 A.M at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033.

Folio No.	DP ID No.	Client ID No.
-----------	-----------	---------------

I/We hereby record my/our present at the 13th Annual General Meeting of the company, to be held on Monday, the 28th day of September 2020 at 11.00 A.M.

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

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033

CIN: U40300TG2007PLC134320

Tel.No.: +91-40-23351571 Website: www.sagarements-r.in

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 13th Annual General Meeting of the company, to be held on Monday, the 28th day of September 2020 at 11.00 A.M at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Description of Resolution
1	To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2020 together with the reports of the Directors and Auditors thereon.
2	To re-appoint the retiring director, Dr. S.Anand Reddy (DIN:00123870), who retires by rotation and being eligible, offers himself for re-appointment as director.
3	Ratification of remuneration payable to the Cost Auditors.
4.	Appointment of Ms. S.Sahithi (DIN: 07293511) as Executive Director.
5.	Re-appointment of Shri K.Thanu Pillai as an Independent Director of the Company.
6.	Re-appointment of Shri V.H.Ramakrishnan as an Independent Director of the Company.
7.	To approve the appointment of Mrs. Onteddu Rekha as an Independent Director.

Signed this _____ day of _____ 2020

Signature of shareholder _____ Signature of Proxyholder(s) _____

Please affix Re.1/- Revenue Stamp
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- Note:** 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The proxy need not be a member of the company.

Route Map



