



# SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2018-19

3<sup>rd</sup> September 2018

The National Stock Exchange of India Ltd.,  
"Exchange Plaza", 5<sup>th</sup> Floor  
Bandra – Kurla Complex  
Bandra (East)  
**Mumbai – 400 051**

The Secretary  
BSE Limited  
P J Towers  
Dalal Street  
**Mumbai – 400 001**

**Symbol: SAGCEM**  
**Series: EQ**

**Scrip Code: 502090**

Dear Sirs

## **Notice of 37<sup>th</sup> Annual General Meeting**

Pursuant to Regulation 30 read with Para/Event 12 of Schedule III Part A para A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith our Annual Report for the year ended 31<sup>st</sup> March 2018, which, inter-alia contains the Notice of the 37<sup>th</sup> Annual General Meeting of the company to be held on Thursday, the 27<sup>th</sup> September, 2018. This Annual Report has since been dispatched to our shareholders and others entitled to receive it and it is also available on our website viz., [www.sagarcements.in](http://www.sagarcements.in).

Thanking you

Yours faithfully  
For Sagar Cements Limited

  
R. Soundararajan  
Company Secretary



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

Phone : +91-40-23351571, 23356572 Fax : +91-40-23356573 info@sagarcements.in www.sagarcements.in

CIN : L26942TG1981PLC002887



**SAGAR CEMENTS LIMITED**





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## BOARD OF DIRECTORS

Shri O.Swaminatha Reddy	Chairman – Independent
Shri S.Veera Reddy	Managing Director
Dr.S.Anand Reddy	Joint Managing Director
Shri S.Sreekanth Reddy	Executive Director
Mrs.S.Rachana	Non Executive Director
Shri K.Thanu Pillai	Independent
Shri V.H.Ramakrishnan	Independent
Shri John-Eric Fernand Pascal Cesar Bertrand	Non Executive
Shri T.Nagesh Reddy	APIDC Nominee
Shri Jens Van Nieuwenborgh	Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand (From 29.05.2017 to 22.09.2017)

## COMPANY SECRETARY

Shri R.Soundararajan

## CHIEF FINANCIAL OFFICER

Shri K.Prasad

## SENIOR MANAGEMENT TEAM

### Corporate Office:

Shri M.S.A.Narayana Rao	Group President
Shri K.Ganesh	President (Projects)
Shri P.S.Prasad	President (Marketing)
Shri O.Anji Reddy	Sr.Vice President (Electrical & Instrumentation)
Shri K.V.Ramana	Sr.Vice President (Mines)
Shri D.S.N.V.Prasad	Sr.Vice President (Works)
Shri M.V.Ramana Murthy	Sr.Asst.Vice President (Production & QC)

## AUDITORS

Deloitte Haskins & Sells  
Chartered Accountants (FR No.008072S)  
KRB Towers, Plot No.1 to 4 & 4A, 2nd & 3rd Floor,  
Jubilee Enclave, Madhapur, Hyderabad-500 081

## COST AUDITORS

M/s.Narasimha Murthy & Co.,  
Cost Accountants (FR No.000042)  
104, Pavani Estates, Y.V.Rao Mansion,  
Himayathnagar, Hyderabad – 500 029

## BANKERS

State Bank of India                      Yes Bank Limited                      IDBI Bank Limited

## REGISTERED OFFICE

Plot No.111, Road No.10, Jubilee Hills  
Hyderabad-500 033. Tel: 040 – 23351571, Fax: 040 - 23356573  
website: www.sagarcements.in, e-mail: info@sagarcements.in

## CORPORATE IDENTITY NUMBER

L26942TG1981PLC002887

## PLANTS

### Cement Plants:

1. Mattampally, Via Huzurnagar,  
Nalgonda District, Telangana - 508 204  
Tel: 08683 – 247039
2. Bayyavaram Village, Kasimkota Mandal,  
Visakhapatnam District, Andhra Pradesh - 531031.  
Tel: 08924 – 244098 / 244550

### Hydel Power Units:

1. Guntur Branch Canal Hydel Project  
Tsallagundla Adda Road, Nekarikallu Mandal  
Guntur District, Andhra Pradesh – 522 615
2. Lock-in-Sula- Hydel Project  
Banumukkala Village, Banakacherla Regulator  
Pamulapadu Mandal, Kurnool District, A.P.- 518 422



**SAGAR CEMENTS LIMITED**  
(CIN : L26942TG1981PLC002887)

**Notice** is hereby given that the 37<sup>th</sup> Annual General Meeting of the Members of Sagar Cements Limited will be held on Thursday the 27<sup>th</sup> September, 2018 at 4.00 p.m. at Hotel Golkonda, Masab Tank, Hyderabad – 500 028, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited stand-alone and consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution as an Ordinary Resolution.

**“Resolved that** the audited stand-alone Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2018 together with the reports of the auditors and directors thereon and the audited Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2018 together with the report of the auditors thereon be and are hereby received, considered, approved and adopted.

2. To confirm the interim dividend already paid on the equity shares of the company and to declare a further dividend on the said shares for the financial year ended 31<sup>st</sup> March, 2018 and in this regard to pass the following resolutions as an Ordinary Resolutions.

**“Resolved that** the interim dividend of ₹ 2.50 per share (25%) on the 2,04,00,000 equity shares of ₹ 10/- each of the company already paid to the shareholders for the year ended 31<sup>st</sup> March, 2018 be and is hereby confirmed.

**“Resolved Further that** a further dividend of ₹ 1.50 per share (15%) on the said 2,04,00,000 equity shares be and is hereby declared for the year ended 31<sup>st</sup> March 2018.”

3. To re-appoint the retiring director, Dr.S.Anand Reddy (DIN: 00123870), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.

**“Resolved that** 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.”

4. To re-appoint the retiring director, Shri John-Eric Fernand Pascal Cesar Bertrand (DIN: 06391176), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution.

**“Resolved that** Shri John-Eric Fernand Pascal Cesar Bertrand (DIN: 06391176) 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**

5. Amendment to the Memorandum of Association of the Company.

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“Resolved that** pursuant to the provisions of Section 4, 13 and all other applicable sections and provisions, if any, of the Companies Act, 2013 (the “Act”) read with applicable Rules and Regulations made thereunder (including any modification(s) or reenactment(s) thereof for the time being in force) and subject to such approvals, permissions and sanctions of Registrar of Companies, appropriate authorities, departments or bodies as may be and to the extent necessary, consent of the members of the Company be and is hereby accorded for effecting the alterations in the Memorandum of Association of the Company by inserting the following sub-clause after its existing sub-clause 7 of Clause III (A):

- “8. To promote, own, run, install, takeover, set up power plants of any kind as may be permitted by law and to generate, co-generate, transmit, buy and distribute electric power for captive consumption, accumulation, sale and re-sale.”



6. Ratification of remuneration payable to the Cost Auditors.

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

**“Resolved that** pursuant to Section 148(3) and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the approval of payment of remuneration of ₹ 3,25,000/- plus reimbursement of actual travel and out of pocket expenses and applicable taxes to M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad, the Cost Auditors (Firm Registration No.000042), to conduct the audit of the cost records of the company for the financial year ending March 31, 2019.”

By Order of the Board of Directors

**R.Soundararajan**  
Company Secretary

19<sup>th</sup> July, 2018

**Registered Office:**

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

**Notes:**

1. The Statement setting out material facts concerning the business under Items No.5 and 6 in the Notice is given in the Annexure-1, which forms part of this Notice.
2. The details that are required to be given under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the persons seeking re-appointment as directors, are given in the Annexure-2.
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. A person can act as a proxy on behalf of members upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such proxy shall not act as a proxy for any other person or member.
5. 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.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR Code and IFSC Code, mandates, nominations, power of attorney, change of address, change of name, email address, contact numbers etc to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company’s records. Similarly, Members holding their shares in physical form are requested to inform the above changes to the Company or its Registrar and Share Transfer Agents (RTA), M/s.Karvy Computershare Private Limited (Karvy).  
The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy.
7. To promote green initiative, members are requested to register their e-mail address through their Depository Participants for sending future communications to them by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.
8. Electronic copy of the Annual Report is being sent to all the members whose e-mail IDs are registered with the Company’s RTA/Depository Participants, unless such members have requested for a hard copy of the same. However, for members, who have not yet registered their e-mail address, physical copies of the Annual Report are being sent through the permitted mode.



9. The Register of Members and Share Transfer Books of the Company will remain closed during the period from 21<sup>st</sup> September, 2018 to 27<sup>th</sup> September, 2018 (both days inclusive) for the purpose of determining members eligible for participation in voting on the resolutions contained in the Notice of AGM and for the further dividend, to be declared at the AGM.
10. The un-claimed dividends for the financial year ended 31<sup>st</sup> March, 1996 onwards and up to the financial year ended 31<sup>st</sup> March, 2010 were duly transferred to the Investors Education and Protection Fund (IEPF) set up by the Government of India in accordance with the Companies Act as applicable at the time of such transfer. No claim is entertained against the IEPF or the Company for the amount so transferred.

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and Amendment Rules, 2017 notified by the Ministry of Corporate Affairs, the Company is required to transfer all shares in respect of which dividend has not been claimed by the members concerned for seven consecutive years or more to Investor Education and Protection Fund ("IEPF"). Adhering to various requirements set out in the Rules, the Company has taken appropriate action for transferring the shares to the Demat Account opened by the IEPF Authority.

The company has already sent notices to all the Members whose Dividends are lying unclaimed against their name for seven consecutive years or more. The Company has also uploaded on its website, [www.sagarcements.in](http://www.sagarcements.in), the details of such members whose shares have been transferred to IEPF Suspense Account. The shares transferred to IEPF Suspense Account including all benefits, if any, accruing on such shares, can be claimed by the members concerned from IEPF Authority, after following the procedure prescribed under the said Rules. The company has transferred 1,49,334 shares to IEPF as per the requirements of the IEPF Rules in respect of the said unclaimed dividend.

11. Members who have not yet encashed their dividend warrants in respect of the dividend declared for subsequent years as detailed below are requested to make their claims to the Company. The details of dividend lying un-claimed in respect of these years are available in the Company's website, [www.sagarcements.in](http://www.sagarcements.in).

Year	Nature of Dividend	Rate of Dividend
2010-11	Final	20% (₹ 2/- per share)
2011-12	Final	30% (₹ 3/- per share)
2012-13	Final	10% (₹ 1/- per share)
2014-15	Interim	50% (₹ 5/- per share)
2014-15	Final	25% (₹ 2.50/- per share)
2015-16	Interim	50% (₹ 5/- per share)
2016-17	Final	15% (₹ 1.50/- per share)
2017-18	Interim	25% (₹ 2.50/- per share)

12. Members may note that the Annual Report for 2017-18 is also available on the Company's website [www.sagarcements.in](http://www.sagarcements.in) for download.
13. **Voting through Electronic Means**

Pursuant to Section 108 of the Companies Act, 2013, read with its relevant Rules and the Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (Remote e-voting) for all the Resolutions proposed to be passed at the AGM. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **20<sup>th</sup> September, 2018**, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at **9.00 a.m. on 23<sup>rd</sup> September, 2018, and will end at 5.00 p.m. on 26<sup>th</sup> September, 2018**. The Company has appointed M/s. B S S & Associates, Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the 'Scrutinizer', to scrutinize the e-voting process and voting through ballot in a fair and transparent manner. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

#### PROCEDURE AND INSTRUCTIONS FOR e-VOTING

- I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,





2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/ Depository Participants (s)]:
- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you have forgotten it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company'
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email [bssass99@gmail.com](mailto:bssass99@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_Event No."
- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
  - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting or by sending their assent/ dissent through post can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting or through post



are eligible to attend the Meeting; however these Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or by sending their assent/dissent through post or by voting at the AGM. If a Member casts votes by both electronic mode and through post, then the voting done through Remote e-voting shall prevail over the vote cast through post.

#### **OTHER INSTRUCTIONS**

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr.G.Ramesh Desai (Unit: Sagar Cements Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or Phone No. 040 – 6716 1500 or call Karvy's Toll free No.1-800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 23<sup>rd</sup> September, 2018 at 9.00 A.M. (IST) and ends at 5.00 p.m. (IST) on 26<sup>th</sup> September, 2018. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20<sup>th</sup> September, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 20<sup>th</sup> September, 2018.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 20<sup>th</sup> September, 2018, he/she may obtain the User ID and Password in the manner as mentioned below :
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+ Folio No. or DP ID Client ID to 9212993399  
Example for NSDL:  
MYEPWD <SPACE> IN12345612345678  
Example for CDSL:  
MYEPWD <SPACE> 1402345612345678  
Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID, Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID, Client ID and PAN to generate a password.
  - iii. Member may call Karvy's toll free number 1800-3454-001.
  - iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.
  - v. The results will be declared on or after the AGM. The results along with the Scrutinizer's Report, will also be placed on the website of the Company.

#### **PROCEDURE AND INSTRUCTIONS FOR WEB CHECK-IN/ATTENDANCE REGISTRATION**

1. **Web Check-in / Attendance Registration:** Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility through Karvy's website. Web Check-in on the Karvy's website enables the Members to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.



**Procedure of Web Check-in is as under:**

- a. Log on to <https://karisma.karvy.com> and click on "Web Checkin for General Meetings (AGM/EGM/CCM)".
  - b. Select the name of the company: Name of the Company.
  - c. Pass through the security credentials viz., DP ID/Client ID/Folio No. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.
  - d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
  - e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.
  - f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.
  - g. After registration, a copy will be returned to the Member.
  - h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e., from 9.00 a.m. (IST) on 23<sup>rd</sup> September, 2018 to 5.00 p.m. (IST) on 26<sup>th</sup> September, 2018.
  - i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.
14. The company has appointed M/s.B S S & Associates, Practicing Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the 'Scrutinizer' to scrutinize the voting and remote e-voting process (including the Ballot Form received from the members who do not have access to the e-voting process) in a fair and transparent manner.
15. The Scrutinizer shall, immediately after the conclusion of voting at the AGM count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and not later than two days of conclusion of the AGM, submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, to the Chairman or a person authorized by him in writing, who shall countersign the same. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.sagarcements.in](http://www.sagarcements.in) immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited.]
16. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) by mentioning his Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, M/s.B S S & Associates, Company Secretaries, Office: Parameswara Appartments, # 6-3-626, 5th Floor, 5 – A, Anand Nagar, Khairatabad, Hyderabad-500004 not later than 26<sup>th</sup> September, 2018 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
17. All documents referred to in the accompanying Notice and the Explanatory Statement shall be 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.
18. Section 72 of the Companies Act, 2013 provides for Nomination by the shareholders of the Company and the shareholders are requested to avail this facility.

By Order of the Board of Directors

**R.Soundararajan**  
Company Secretary

19<sup>th</sup> July, 2018

**Registered Office:**

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



## Annexure to the Notice of the 37<sup>th</sup> 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 Nos.5 and 6 of the accompanying Notice dated 19<sup>th</sup> July 2018.

#### On Item No.5

The company presently meets its power requirement for its operations at its units in Mattampally and Bayyavaram from its captive power units consisting of a thermal power plant located at its subsidiary company's plant, waste heat recovery plant and solar power plant located at its Mattampally Plant and the two mini hydel power plants one in Guntur District and the other in Kurnool district, both in Andhra Pradesh. In addition to these sources, the company also buys power from market through power exchange.

To enable your company to sell the power that may be rendered surplus after meeting its captive requirements from the above sources as well as to set up / acquire power plants to meet its future requirements and, if need be, to sell surplus power from them to third parties, it is proposed to insert a fresh sub-clause in the Memorandum of Association of the Company as mentioned in the resolution. Accordingly, a resolution seeking amendment to the objects clause in the Memorandum of Association to this effect is submitted in the Item No.5 of the Notice for approval of the members.

The Draft MoA of the Company will be open for inspection between 9:30 a.m. to 6:00 p.m. on all working days except Saturdays and Sundays at the registered office of the Company situated at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, up to the date of the AGM of the Company.

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 passing of the resolution.

#### On Item No.6

In accordance with the provisions of Section 148 of the 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.

The Board, on the recommendation of its Audit Committee, has approved the appointment of M/s.Narasimha Murthy & Co., Cost Accountants as the Cost Auditors for the Financial Year 2018-19 and for payment of remuneration to the said Cost Auditors.

Accordingly, an Ordinary Resolution as set out at Item No.6 of the Notice containing the remuneration recommended for Cost Auditors is submitted for approval of 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 passing of the resolution.

By Order of the Board of Directors

Hyderabad  
19<sup>th</sup> July, 2018

**R.Soundararajan**  
Company Secretary

#### Registered Office:

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



## Annexure 2

(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)

### Details of Directors retiring by rotation and seeking re-appointment at the Annual General Meeting

Name of the Director	Dr.S.Anand Reddy	Shri John-Eric Fernand Pascal Cesar Bertrand
Date of birth	10.06.1964	16.11.1977
Experience in specific functional areas	Corporate Executive	Investment Manager
Qualification	M.B.B.S.	University of Louvain (UCL) Master in International Management Community of European Management Schools (CEMS) Master in Business Administration (MBA), INSEAD
Directorships in other Companies	Sagar Cements (R) Ltd. Sagar Power Ltd., Sagar Priya Housing and Industrial Enterprises Ltd. Panchavati Polyfibres Ltd. Super Hydro Electric Pvt. Ltd. SPL Renewable Energy Pvt. Ltd.	AvH Resources India Pvt.Ltd. Oriental Quarries and Mines Pvt. Ltd.
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Sagar Cements Ltd., Member, Stakeholders' Relationship Committee	Nil
No. of shares held in Sagar Cements Ltd.	13,03,524	Nil
Inter-se relationship with other Directors of the Company	Related to Shri S.Veera Reddy, Managing Director, Shri S.Sreekanth Reddy, Executive Director and Mrs. S.Rachana, Director	None

By Order of the Board of Directors

Hyderabad  
19<sup>th</sup> July, 2018

**R.Soundararajan**  
Company Secretary

**Registered Office:**

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



## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Dear Members

Your Directors are pleased to present their Thirty Seventh Annual Report together with the audited Stand-alone and Consolidated financial statements of the Company for the year ended 31<sup>st</sup> March, 2018.

To avoid repetition in the Directors' Report and the Management Discussion and Analysis Report, the information under these reports is furnished below as a composite summary of the performance of the various aspects of the business of your company.

### Financial Results

This discussion on the financial condition and results of operations of the Company should be read in conjunction with the Company's audited stand-alone and consolidated financial statements and notes thereto for the year ended 31<sup>st</sup> March 2018, which are summarized below: ₹ in Lakhs

Particulars	Stand-alone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total income	<b>79,461</b>	64,312	<b>1,08,502</b>	94,511
Total expenses	<b>71,852</b>	61,908	<b>1,03,935</b>	94,089
Profit before tax	<b>7,609</b>	2,404	<b>4,567</b>	422
Total Tax	<b>2,670</b>	1,155	<b>1,941</b>	814
Profit after Tax	<b>4,939</b>	1,249	<b>2,626</b>	(392)
Other Comprehensive Income	<b>(20)</b>	(4)	<b>(12)</b>	(23)
Total Comprehensive Income	<b>4,919</b>	1,245	<b>2,614</b>	(415)
Basic & Diluted Earnings per share of ₹ 10 each	<b>24.21</b>	6.98	<b>12.87</b>	(2.19)

Higher capacity utilisation and growth in demand for cement in 2017-18 enabled your company to achieve its highest ever revenue from its stand-alone operations registering a growth of 23% over the previous year. On a consolidated basis, the total revenue crossed ₹ 1,000 crores during the year under report.

### Dividend

Dividend is recommended by your Board in the context of the Company's overall profitability, free cash flow, capital requirements and other business needs as well as the applicable regulatory requirements.

In this background, an interim dividend of ₹ 2.50 (25%) per share on the 2,04,00,000 equity shares of ₹ 10/- was announced for the year 2017-18 on 26<sup>th</sup> October, 2017 and the same was paid on 16<sup>th</sup> November, 2017. Your Board has recommended a further dividend of ₹ 1.50 (15%) per share for the year 2017-18. The total dividend for the year 2017-18 would accordingly work out to ₹ 4/- (40%) per share, involving a sum of ₹ 9,82,11,840, which includes a sum of ₹ 1,66,11,840 towards dividend tax.

The above said further dividend of ₹ 1.50 per share, if approved by the shareholders at the ensuing Annual General Meeting, will be paid within 30 days of the said approval.

### Transfer to reserves

As no transfer to any reserve is proposed, the entire balance available in the Profit and Loss Account is retained in it.

### Share Capital

The paid up share capital of the company is ₹ 20,40,00,000/- consisting of 2,04,00,000 equity shares of ₹ 10/- each and there was no change in share capital during the year under report.

Pursuant to the approval accorded by the Shareholders at their Extraordinary General Meeting held on 23.11.2016, your board in the year 2016-17 had raised a sum of ₹ 48.96 crores by preferential allotment of 6,11,986 equity shares of ₹ 10/- each at a premium of ₹ 790/- per share and by allotment of 24,00,000 equity shares of ₹ 10/- each at a premium of ₹ 710/- per share through Qualified Institutional Placement, to fund the expansion of grinding capacity of your unit at Bayyavaram from 0.3 million tons to 1.5 million tons, for setting up of a coal based power plant of 18 MW capacity at your Mattampally Unit and for meeting its other general corporate purposes from time to time. Your directors are happy to inform you of the successful completion of the expansion of the said grinding unit well ahead of the schedule. The setting up of the power plant, which is progressing well, is also expected to be completed by the end of March, 2019.



## Industry Structure and Development

Cement being a basic building material used widely in housing and industrial sectors and in developing infrastructure, its per capita consumption is an important index for measuring the economic growth of a country. India being the world's second largest producer of cement and because of its strong connection with other sectors such as construction, transportation, coal and power, cement industry occupies an important place in the economy, providing employment directly and indirectly to more than a million people.

One of the main features of the Indian cement industry is that the location of limestone reserves in some of its states has resulted in the formation of what is popularly known as cement clusters and Nalgonda in Telangana, where your company's Mattampally unit is located, is one of such clusters. The proximity to coal deposits is also an important factor in setting up of a cement plant. Cement being a high bulk and low value commodity, competition also tends to be localized, since the cost of transportation of cement to distant markets often results in the product being uncompetitive in those distant markets.

Further, though the structure of Indian cement industry is considered to be a highly fragmented one, still 70 % of the total cement production is from its top 20 cement companies.

Apart from the ready availability of raw materials such as limestone and coal, the other factor contributing to the growth of this industry is increasing demand for cement emanating from the development in the infrastructure and construction sectors. In this connection, some of the recent major initiatives such as development of 'smart cities' which are giving a push to the demand for cement, providing further boost to this sector, augur well for the industry.

Whether it is affordable housing, roads, highways or 'smart cities', the entire industry has high hopes from the Government as far as infrastructure spending is concerned and on such hopes materializing, the industry will look up and hopefully grow by 8% in the current year.

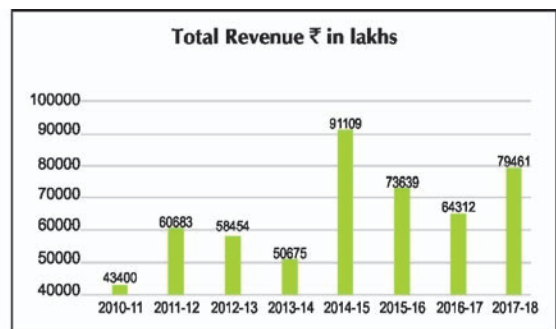
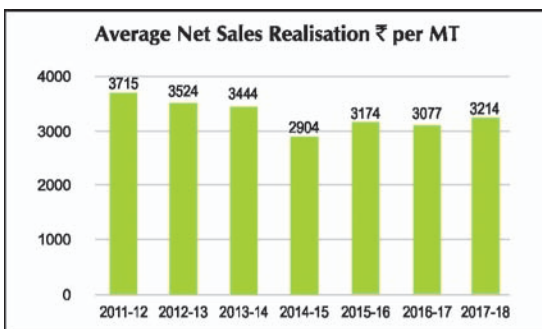
### Company's stand-alone performance with reference to its operational performance:

Demand for cement is a derived demand, as it depends on growth of Infrastructure, construction and realty sectors, which were on the path of recovery after a slow-down witnessed in the later part of the year 2016-17 due to disruption caused by demonitisation. Further, revival of demand for cement in Telangana and Andhra Pradesh that was expected following the bifurcation of the erstwhile State of Andhra Pradesh is also now gaining momentum, easing the pressure on the pricing front, though only marginally. However, even as the infrastructure sector is slowly looking up, the housing segment, which is the biggest demand driver for cement is yet to resume its potential growth.

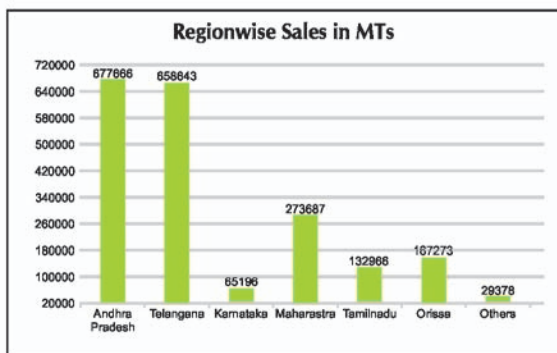
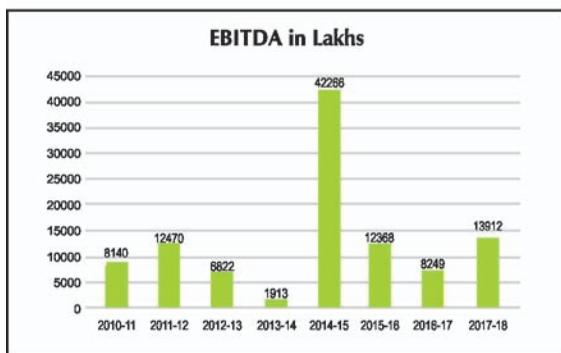
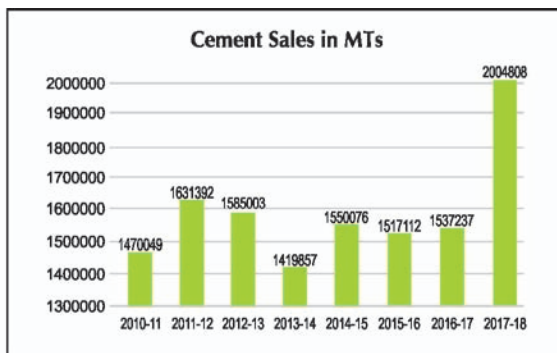
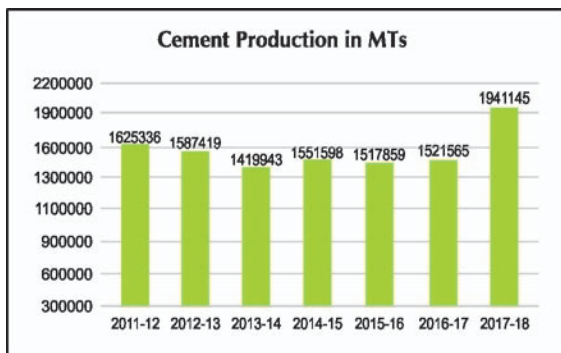
Viewed in the above background, the overall performance of your company on a stand-alone basis during the year 2017-18 in terms of production, sale, revenue and average net sales realization per ton of cement is satisfactory.

In terms of volume, your company achieved an increase of 28% and 30% in the cement production and sales respectively over the previous year which, aided by a marginal increase in average sales realization per tonne of cement by 4.5%, resulted in an increase of 23% in revenue and a 68% increase in the EBITA over the previous year.

Particulars	2017-18	2016-17
Cement Production in MTs	19,41,145	15,21,565
Cement Sales in MTs	20,04,808	15,37,237
Average Net Sales Realization per MT (₹)	3,214	3,077
Total Revenue (₹ in lakhs)	79,461	64,312







### Subsidiaries, Joint Ventures and Associate Companies

In the year 2015, your company acquired the entire equity stake in BMM Cements Limited, which has now been re-named as Sagar Cements (R) Limited. This wholly-owned subsidiary has its cement plant of 1.00 Million MTs per annum capacity along with a coal based captive power plant of 25 MW capacity in Gudipadu Village in Ananthapur District, A.P.

After overcoming the initial constraint of operating at a very low capacity due to outsourcing lime stone at a higher cost for its cement production on account of lack of permission to extract the limestone available in its captive mines, this unit is now making use of the lime-stone available in the said captive mines after obtaining necessary permission therefor and is currently operating at around 70% capacity. Its power unit is operating at 87% capacity.

As you are aware, the cement produced by this subsidiary is sold under the brand name "SAGAR CEMENT". With this subsidiary further consolidating itself and improving upon its operations, the investments made by your company in this subsidiary will prove to be beneficial to your company in the long run.

Statement containing salient features of the financial statement of the above mentioned subsidiary has been given in Form AOC-1 in the **Annexure 1** to this report.

Your Company does not have any Joint Ventures or Associate Companies.

### Grinding Unit in Bayyavaram

We had earlier informed you of the acquisition of a grinding unit of 1,81,500 MT capacity at Bayyavaram in Visakhapatnam District in Andhra Pradesh and of the company's plan to expand its capacity to 1.5 million tons. Your Directors are happy to inform you that the said expansion as earlier mentioned in this report has since been completed.

The acquisition of the above said grinding unit and the subsequent expansion of its capacity, enable your company to transport the surplus clinker available at its plant in Mattampally to the said unit, for grinding into slag cement to meet the demand in markets in Odisha, West Bengal and in the Vizag region of Andhra Pradesh where, with the identification of Vishakhapatnam and Kakinada in Andhra Pradesh and Bhubaneswar in Odisha for development as 'smart cities' under the Prime Minister's 'Smart Cities Mission', the focus is currently more on the investments in their infrastructure sector.





## Opportunities and threats:

### Constraints on inputs:

The cement industry is a highly energy intensive sector. Energy, along with other raw materials mainly comprising coal and lime stone, forms a most critical component in the manufacture of cement. While your company does not face any problems with respect to the availability of limestone, it attaches high priority to keep its energy cost, which forms a significant portion of the input costs, to the minimum. This is sought to be achieved, among other means, by ensuring an optimum combination in the consumption of indigenous coal along with imported coal, which is relatively cheaper.

After successfully commissioning the Waste Heat Recovery Plant with an initial capacity of 6 MW capacity, which is presently operating at 8.50 MW capacity at its Mattampally plant, your company is now setting up a coal based plant of 18MW capacity at the said unit. Further, as your company is also keen on meeting its power requirement from renewable energy sources, apart from setting up of a solar power plant of 1 MW capacity at the said plant, it has recently acquired 2 mini hydel power units, one with a capacity of 4.3 MW on the Guntur Branch Canal and the other with a capacity of 4 MW in Lock-in-Sula in Kurnool District, both in Andhra Pradesh.

Your directors hope that the above measures would contribute to your company's efforts in further optimizing its energy cost.

### Freight cost

Cement being a freight-intensive industry, transportation of cement over long distances can be uneconomical and this has made it largely a regional play. As the logistics and the optimizing the freight cost continue to be the main area of concern with the distribution cost remaining a significant component in the cost structure notwithstanding the availability of a railway siding at your plant, your company is also weighing various other options available to it like setting up of grinding stations/full fledged cement plants in distant areas where opportunities exist, to cater to the local market and this is sought to be achieved through routes like mergers, acquisitions, joint ventures, strategic marketing tie-ups and setting up of green field projects. As part of optimizing the freight cost, demand in the Eastern markets, which until recently was served by your company from its plant at Mattampally in Nalgonda District of Telangana is now being serviced from its plant at Bayyavaram in Visakhapatnam in A.P.

### Lower demand

Housing sector which accounts for a major portion of cement demand is yet to pick-up in a big way both in Telangana and Andhra Pradesh, which are significant markets for your company. While the initiatives by the governments, like 'Smart Cities Mission', 'affordable housing' will help the construction, real estate, infrastructure and cement sectors in due course, the cement industry may have to wait for some more time to see any significant revival in demand in these states.

In the above circumstance, your company which has its major markets in Telangana, Andhra Pradesh and in the border areas of the other neighboring States, needs to look into expanding its Markets beyond these areas. However, the freight cost involved in moving the material from its plants at Mattampally and Bayyavaram to these areas, discourages it to do so, as the price of the locally produced cement in such areas would tend to be much cheaper.

As the company cannot afford any more to ignore the growing demand for cement in its neighboring states just because of the transportation cost involved in catering to these markets, apart from serving these markets from its own production, it buys cement in bulk from other sources located in these states and sell the same in the retail markets in those areas under the brand name 'Sagar Cement', wherever there is cost advantage in doing so. It is hoped that this, apart from increasing the sales turnover of the company without incurring any additional capital expenditure and in turn improving its bottom line, would help it in popularizing its brand in new areas as well as in firmly establishing it in the areas where it might only have a token presence at present.

### Impact of new entrants:

The Indian cement industry with its huge potential continues to attract the entry of global cement majors and encourages the strengthening of production bases by existing companies. This may lead to a substantial part of the cement capacity being controlled by a few players. Sagar Cements proposes to meet some of the challenges posed by this development, by focusing on cost reduction and by further improving its brand image, greater expenditure on advertising, strengthening its distribution networks as well as by other customer-focused initiatives. Apart from these, Sagar Cements is looking for opportunities to expand its market through strategic alliance and setting up of grinding stations, wherever viable.



### Segment-wise /product-wise performance:

As your company operates in only one segment, namely manufacture and sale of cement, there is no other reportable segment or product.

### Future outlook

The per capita consumption of cement is still very low in India and therefore there is a vast scope for growth in its demand on the long term. However, for such a real growth to happen, there should be an overall growth in investments in the real estate and infrastructure sectors. Since India is emerging as one of the fastest growing economies in the world, the future outlook for cement looks to be bright, provided government formulates growth oriented policies, so that our per capita cement consumption matches at least with some of the developing economies. Notwithstanding the plans to expand its market in other states, Telangana and Andhra Pradesh will continue to be the major markets for your Company. With the respective Governments in these states rightly focusing on the development of infrastructure along with the importance given by the Union Government for the development of National Highways, Rural and Urban Roads, Affordable Housing, Port Connectivity, Development of smart cities, etc., coupled with private agencies coming up with a slew of their own infrastructure development projects, demand for cement in these and their neighboring states is expected to see a significant growth, which augurs well for your company, which, with its aggressive and innovative marketing duly supported by its well motivated marketing personnel, is poised to grab the opportunity available in this 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, despite the efforts being made by your company as mentioned above to mitigate the same.

The impact of the Goods and Services Tax rate has since been absorbed by the cement industry. The Company, on its part, will optimize the distribution/warehouse network under GST regime to further improve its operational efficiency.

Therefore, taking an overall view of the above, your Board is cautiously optimistic about the future outlook for your company.

### Risk Management System:

Your Company attaches utmost importance to the assessment of internal risks and the management thereof in all its dealings. Your Company is constantly on the lookout for identifying opportunities to enhance its enterprise value. Keeping the need to minimize the risks associated with such efforts, every proposal of significant nature is screened and evaluated for the risks involved and then approved at different levels in the organization before implementation.

With a view to overcoming the risk of dependence upon any particular marketing segment or region, your Company is trying to reach out to a wider section of its ultimate consumers. As the cement industry is witnessing rapid additions to its capacity in Telangana and A.P., in order to mitigate the risk associated with it, Sagar Cements, whose revenue is mainly from sales in these two states, is looking for growth opportunities in other States as well, where infrastructure spending is set to get a boost.

Your Company has adequate system to manage the financial risks of its operations. This system is implemented through imposition of checks and balances on extending credit to the customers, audits like internal audit, statutory, cost and secretarial audit, all of which are periodically carried out through external firms, proper appraisal of major capital expenditure, adherence to the budget norms covering all areas of its operations and by adequate insurance coverage for the company's facilities.

### Internal Control System and its adequacy:

Your Board of Directors are satisfied with the adequacy of the internal control system currently in force in all major areas of operations of the Company, which is supported by an ERP and compliance management systems. Their audit committee assists the board of directors in monitoring the integrity of the financial statements, reservations, if any, expressed by the company's auditors including, the financial, cost, internal and secretarial auditors and based on their inputs, your board is of the opinion that the company's internal controls are adequate and effective.

### Human resource development and Industrial Relations

Your Company continues to enjoy cordial relationship with all its personnel working at its Plants, Offices and on the field.

Your company is organizing training programmes wherever required for the employees concerned to improve their skill. Employees are also encouraged to participate in the seminars organized by the external agencies on the subjects related to the areas of their operations.



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

#### **Sexual Harassment**

Under the Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013, your company has constituted an Internal Complaints Committee. No complaints were received or disposed off during the year under the above Act.

#### **Awards and Recognitions**

Your company has already achieved ISO Certification ISO 9001:2008 for Quality Management System Standard, ISO 14001:2004 for Environmental Management System Standard and OHAS 18001:2007 for Occupational Health and Safety Management System Standard.

As you are aware, your company's Laboratory at its Plant in Mattampally is the recipient of the Accreditation by the National Accreditation Board for Testing and Calibration Laboratories (NABL), which is the sole accreditation body for testing and calibration of laboratories under the aegis of Department of Science and Technology, Government of India.

#### **Directors Responsibility Statement**

Pursuant to Section 134 (5) of the Companies Act, 2013, your 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 profit 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.

#### **Directors and Key Managerial Personnel**

In accordance with the provisions of Section 152 of the Companies Act, 2013, Dr.S.Anand Reddy and Shri John-Eric Fernand Pascal Cesar Bertrand will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Accordingly, the resolutions seeking the approval of the members for the said re-appointments have been incorporated in the notice of the annual general meeting of the company.

Excepting Mrs. S.Rachana, who is a director in Panchavati Polyfibres Limited and in R.V.Consulting Services Private Limited, whose transactions with the company have been reported under the related parties disclosure under notes to the accounts, 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.

#### **Independent Directors Declaration**

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

#### **Number of meetings of the board**

Six (6) meetings of the board were held during the year 2017-18. Details of these meetings have been given in the corporate governance report, which forms part of the Annual Report.



### Policy on directors' appointment and remuneration and other details

The company's policy on directors' appointment and remuneration and other matters provided in Section 178 (3) of the Act have been disclosed in the corporate governance report.

Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the board has adopted a policy for nomination, remuneration and other related matters for directors and senior management personnel. A gist of the policy is available on the Companies website, [www.sagarcements.in](http://www.sagarcements.in).

### Board evaluation

The Board of directors have carried out an evaluation of its own performance and of its committees as well as its individual directors, on the basis of criteria such as composition of the board / committee structure, effectiveness, its process, information flow and functioning etc.

### Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants (FR No.008072S) were appointed as Statutory Auditors of the company by the company at the 34<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> September, 2015, to hold office from the conclusion of the said Annual General Meeting till the conclusion of the 39<sup>th</sup> Annual General Meeting. Though the said appointment was required to be ratified at every annual general meeting under Section 139, in accordance with the Companies Amendment Act 2017, enforced from 7<sup>th</sup> May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every annual general meeting anymore.

### Auditors' Report and Secretarial Auditors' Report

#### Auditors' Report

The auditors' report on the financial statements of the company is part of this report and it does not contain any qualifications, reservations or adverse remarks.

#### Secretarial Auditors' Report

In accordance with Section 204 (1) of the Companies Act, 2013, the report furnished by the Secretarial Auditors, who carried out the secretarial audit of the company under the said Section, is given in the **Annexure 2**, which forms part of this report. There are no adverse remarks in the said report. Your company has complied with the Secretarial Standards applicable for holding Board and General Meetings.

#### Cost Auditors

M/s.Narasimha Murthy & Co., (FR No.000042) Cost Auditors of the company have been appointed as Cost Auditors of the company for the year ending 31<sup>st</sup> March, 2019. A resolution seeking shareholders' ratification of the remuneration payable to the Cost Auditors has been included in the notice of the AGM. The reports submitted by the Cost Auditors are filed with the appropriate authorities.

### Particulars of loans, guarantees and investments

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

### Transactions with related parties

None of the transactions with related parties falls under the scope of Section 188 (1) of the Act. Information on transactions with related parties pursuant to Section 134 (3) (h) of the Act read with rule 8 (2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-3** in Form AOC-2 and the same forms part of this report.

All related party transactions entered into during the financial year were on arms length basis and in the ordinary course of business. There were no materially significant related party transactions entered into by the company with the promoters, key management personnel or other designated persons that may have potential conflict with the interests of the company at large. All related party transactions had prior approval of the Audit Committee and were later ratified by the Board.

### Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of your company along with the initiative taken by it are set out in **Annexure-4** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the company, <http://www.sagarcements.in/csr.html>.



## Extract of Annual Return

As provided under Section 92 (3) of the Act, an extract of annual return is given in **Annexure-5** in the prescribed Form MGT-9, which forms part of this report, a copy of the same is also available on the company's website [www.sagarcements.in](http://www.sagarcements.in).

## Particulars of Employees

The information required under Section 197 of the Act read with Rule 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules are given in the **Annexure-6**, which forms part of this report.

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year is as under:

Particulars	Ratio to Median Remuneration
Non-Executive Directors *	
Executive Directors	
Shri S.Veera Reddy	63.14
Dr.S.Anand Reddy	53.25
Shri S.Sreekanth Reddy	48.30

\*Non-Executive Directors are not paid any remuneration, other than sitting fee.

- b. The percentage increase in the remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year is as under:

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Shri O.Swaminatha Reddy	During the financial year, these directors were not paid any remuneration, other than sitting fee, in which there was no increase
Shri K.Thanu Pillai	
Shri T.Nagesh Reddy (APIDC Nominee)	
Shri John-Eric Fernand Pascal Cesar Bertrand	
Shri V.H.Ramakrishnan	
Mrs.S.Rachana	
Shri S.Veera Reddy	112.46
Dr.S.Anand Reddy	79.12
Shri S.Sreekanth Reddy	115.61
Shri R.Soundararajan	9.56
Shri K.Prasad	12.47

- c. The percentage increase in the median remuneration of employees in the financial year: 5.62%  
d. The number of permanent employees on the rolls of Company: 507  
e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees in India received an annual increase of around 10%.

In order to ensure that remuneration reflects Company performance, the performance of the company is also one of the parameters for fixing the remuneration to the employees.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in FY 2017-18 (₹ crores)	3.24
Revenue (₹ crores)	794.61
Remuneration of KMPs (as % of revenue)	0.41
Profit before Tax (PBT) (₹ crores)	76.09
Remuneration of KMP (as % of PBT)	4.26

- g. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year are as under:



Particulars	March 31, 2018	March 31, 2017	% Change
Market capitalization (in Crores)	<b>1,886.02</b>	1,622.72	16.23
Price Earning Ratio	<b>38.19</b>	113.96	66.49

- h. Percentage increase or decrease in the market quotations of the shares of the company in comparison to the issue price at which the company came out with its last public offer:

Particulars	March 31, 2018	June 22, 1992	% Change
Market Price in NSE	<b>923.00</b>	Not listed	-
Market Price in BSE	<b>924.55</b>	45.00	1954.56

- i. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof.

The average annual increase was around 15.42% for personnel other than managerial personnel.

Increase in the managerial remuneration (Whole-time Directors) for the year was 101.21% (including commission).

- j. Comparison of remuneration of the each key managerial personnel against the performance of the Company:

Description	MD	CS	CFO
Remuneration in FY2017-18 (lakhs)	268.00	27.52	34.65
Revenue (lakhs)		79,461	
Remuneration as % of revenue	0.337	0.035	0.044
Profit before Tax (PBT) (lakhs)		7,609	
Remuneration (as % of PBT)	3.522	0.362	0.455

- k. The key parameters for any variable component of remuneration availed by the directors:

Commission is the only variable component which depends on profit earned by the company during the relevant year and the same is subject to approval of the shareholder/remuneration committee / Board and to other applicable regulatory approvals.

- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None.
- m. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that remuneration is as per the remuneration policy of the Company.

### Other Disclosure requirements

A report on corporate governance together with auditors' certificate thereon has been furnished as part of the Annual Report.

Policy on dealing with related party transactions is available on the website of the company ([www.sagarcements.in](http://www.sagarcements.in)).

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees of the company to report their genuine concerns. The provisions of this policy are in line with the provisions of the Section 177 (9) of the Act and the Listing Regulations and the same is available on the company's web site.

### Deposits from public

The company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

### Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo:

The particulars required under Section 134 (3) (m) of the Companies Act, 2013 have been provided in the Annexure 7, which forms part of the Report.



### **Insurance**

All the properties of the Company have been adequately insured.

### **Pollution Control**

Your company is committed to keep the pollution at its plants within the acceptable norms and as part of this commitment, it has inter-alia, adequate number of bag filters in the plant.

### **Sub Committees of the Board**

The Board has Audit Committee, Nomination and Remuneration Committee, Investment Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Securities Allotment Committee. The composition and other details of these committees, have been given in the Report on the Corporate Governance forming part of the Annual Report.

### **Compliance Certificate**

A certificate as stipulated under Schedule V (E) of the Listing Regulations from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance is attached to this Report along with a report on Corporate Governance.

### **Material changes and Commitments since the end of the Financial Year**

There were no material changes or commitments between the end of the financial year and the date of this report.

### **Cautionary Statement**

Statements in these reports describing company's projection statements, expectations and hopes are forward looking. Though, these expectations etc., are based on reasonable assumption, the actual results might differ.

### **Acknowledgement**

Your Directors wish to place on record their appreciation of the valuable co-operation extended to your Company by its bankers and various authorities of the State and Central Government. They thank the Distributors, Dealers, Consignment Agents, suppliers and other business associates of your Company for their continued support. Your Board also takes this opportunity to place on record its appreciation of the contributions made by employees of your company at all levels and last but not least, of the continued confidence reposed by you in the Management.

For and on behalf of the Board of Directors

Hyderabad  
19<sup>th</sup> July, 2018

**O. Swaminatha Reddy**  
Chairman



## Annexure 1

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

##### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Lakhs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	SAGAR CEMENTS (R) LIMITED
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees
4.	Share Capital	10,381
5.	Reserves & surplus	(3,013)
6.	Total Assets	55,054
7.	Total Liabilities	55,054
8.	Investments	Nil
9.	Turnover	34,375
10.	Loss before taxation	(2,876)
11.	Provision for taxation	729
12.	Loss after taxation	2,147
13.	Proposed Dividend	Nil
14.	% of shareholding	100%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: Nil.
- Names of subsidiaries which have been liquidated or sold during the year: Nil

##### Part "B": Associates and Joint Ventures

**The Company doesnot have any Associates or Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:**

Name of Associates/Joint Ventures	Nil
Latest audited Balance Sheet Date	Nil
Shares of Associate/Joint Ventures held by the company on the year end	Nil
No.	Nil
Amount of Investment in Associates/Joint Venture	Nil
Extent of Holding%	Nil
Description of how there is significant influence	Nil
Reason why the associate/joint venture is not consolidated	Nil
Net worth attributable to shareholding as per latest audited Balance Sheet	Nil
Profit/Loss for the year	Nil
Considered in Consolidation	Nil
Not Considered in Consolidation	Nil

- Names of associates or joint ventures which are yet to commence operations: Nil
- Names of associates or joint ventures which have been liquidated or sold during the year: Nil

**S.Veera Reddy**  
Managing Director

**Dr.S.Anand Reddy**  
Joint Managing Director

**S.Sreekanth Reddy**  
Executive Director

**K.Prasad**  
Chief Financial Officer

**R.Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: July 19, 2018





## ANNEXURE – 2

### Form No. MR-3

#### Secretarial Audit Report

#### For the Financial Year ended on 31<sup>st</sup> MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and

Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Sagar Cements Limited,  
Plot No.111, Road No.10,  
Jubilee Hills,  
Hyderabad-500033, Telangana.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by *Sagar Cements Ltd* (“the Company”) for the financial year ended on March 31, 2018 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 - Not applicable as the Company has not granted any Options to its employees during period under review;
  - e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities during the period under review;
  - f. 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 as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the period under review;
  - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and



- h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back its securities during the period under review.
- 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; and
  - ix. Mines Act, 1952 and Rules issued thereunder.

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



**We further report that** the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of 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 them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required by them on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were without any dissent.

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

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

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

Place: Hyderabad  
Date: 14-05-2018

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

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#### Annexure A

To,  
The Members,  
Sagar Cements Ltd.,  
Plot No.111, Road No.10,  
Jubilee Hills, Hyderabad-500033, Telangana.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, that we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is not an assurance as to the future viability of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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

Place: Hyderabad  
Date: 14-05-2018



### Annexure 3

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

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

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

On behalf of the Board of Directors

Hyderabad  
19<sup>th</sup> July, 2018

**O.Swaminatha Reddy**  
Chairman

### Annexure 4

#### Annual Report on CSR Activities

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken is given below and the same is also available on the website of the company, [www.sagarcements.in](http://www.sagarcements.in).

SCL is committed to operate and grow its business in a socially responsible way, while reducing the environmental impact of its operations and increasing its positive social impact.

It aims to achieve growth in a responsible way by encouraging people to take small every day actions that will impact a big difference. This SCL CSR Policy is guided by the following principles:

1. To conduct its operations with integrity and responsibility keeping in view the interest of all its stakeholders.
2. It believes that growth and environment should go in hand and hand.
3. It looks formal collaboration with different stakeholders including Governments, NGOs, IGOs, Suppliers, Farmers and Distributors to tackle the challenges faced by the society.

The activities undertaken / to be undertaken by the company as CSR activities are not expected to lead to any additional surplus beyond what would accrue to the company in the course of its normal operations.

In accordance with Section 135 (5) of the Companies Act, 2013, the company is committed to spend at least 2% of the average net profit made during the three immediately preceding financial years in areas listed out in the Schedule 7 of the Companies Act, 2013.

The company has a structured governance procedure to monitor its CSR activities, for which purpose, it has constituted a CSR Committee with an independent director as its Chairman.

2. The composition of the CSR Committee:

The company has a CSR committee of directors comprising of Shri K.Thanu Pillai, Chairman of the Committee, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy as its members.

3. Average net Profit/(Loss) of the company for last three financial years for the purpose of computation of CSR: ₹ 4,142.41 lakhs.
4. Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above): ₹ 82.85 lakhs.
5. Details of CSR spent during the financial year:
  - a. Total amount spent for the financial year: ₹ 94.78 lakhs.
  - b. Amount unspent: Nil

## c. Manner in which the amount was spent during the financial year:

(in Rs.)

Sl. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads : (1) Direct Expenditure (2) Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
01	Preventive health care and promotion for safe drinking water	Preventive health care and promotion of sanitation and making available safe drinking water.	Local Areas of Nalgonda Dist, Telangana	27,37,747	27,37,747	37,94,040	Direct
02	Training and educating	Promotion of Education and infrastructure for it.	Local Areas of Nalgonda Dist, Telangana	36,94,974	36,94,974	57,55,931	Direct
03	Training and promotion of sports	Organizing sports events and sponsor of sports personnel	Local Areas of Nalgonda Dist, Telangana	10,26,786	10,26,786	22,95,006	Direct
04	Rural Development	Laying of Roads and related works	Local Areas of Nalgonda Dist, Telangana	20,18,475	20,18,475	82,44,568	Direct
	<b>Total CSR Spent</b>			<b>94,77,982</b>	<b>94,77,982</b>	<b>2,00,89,545</b>	



6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Not applicable

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company:

We hereby declare that implementation and monitoring of the CSR policy are in compliance with the CSR objectives and the policy of the company.

**S.Veera Reddy**

Managing Director

**K.Thanu Pillai**

Chairman, Corporate Social Responsibility Committee

Hyderabad, 19<sup>th</sup> July, 2018



## Annexure 5

### Form No.MGT-9

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

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

#### I. Registration and other details

i.	CIN	:	L26942TG1981PLC002887
ii.	Registration Date	:	15.01.1981
iii.	Name of the Company	:	Sagar Cements 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 Hyderabad-500 033 Tel: 91 40 23351571, Fax: 91 40 23356573 Email: soundar@sagarcements.in Website: www.sagarcements.in
vi.	Whether listed company	:	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare (P) Limited Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District Hyderabad -500032 Tel: 040-67162222, Fax: 040-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001 Website: karvycomputershare.com

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Manufacture of Cement	23941	100

#### III. Particulars of Holding, Subsidiary and Associate Companies

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
01	<b>Sagar Cements (R) Limited</b> (Formerly known as BMM Cements Ltd.) 19/13, Old # 19/5, 19/6, 3 <sup>rd</sup> Floor, Western Side, Kareem Towers, SRT Road, (Cunningham Road), Bengaluru – 560052, Karnataka	U40300KA2007PLC043746	Subsidiary	100%	2(87)

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

##### (i) Category-wise Shareholding

Category of Shareholder	No. of shares held at the beginning of the year				No. of shares at the end of the year				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A) Shareholding of Promoter and Promoter Group<sup>2</sup></b>									
<b>1 Indian</b>									
(a) Individuals/ Hindu Undivided Family	9003118	0	9003118	44.13	9001866	0	9001866	44.13	0
(b) Central Government/ State Government(s)									
(c) Bodies Corporate	1204785	0	1204785	5.91	1204785	0	1204785	5.91	0
(d) Financial Institutions/ Banks									
(e) Any Others(Specify)									
<b>Sub Total(A)(1)</b>	<b>10207903</b>	<b>0</b>	<b>10207903</b>	<b>50.04</b>	<b>10206651</b>	<b>0</b>	<b>10206651</b>	<b>50.04</b>	<b>0</b>
<b>2 Foreign</b>									
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)									
(b) Bodies Corporate									
(c) Institutions									
(d) Qualified Foreign Investor									
(e) Any Others(Specify)									
<b>Sub Total(A)(2)</b>									
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>10207903</b>	<b>0</b>	<b>10207903</b>	<b>50.05</b>	<b>10206651</b>	<b>0</b>	<b>10206651</b>	<b>50.04</b>	<b>-0.01</b>
<b>(B) Public shareholding</b>									
<b>1 Institutions</b>									
(a) Mutual Funds	2776263	1600	2777863	13.62	2598532	1400	2599932	12.74	-0.88
(b) Financial Institutions / Banks	3950	567	4517	0.02	3735	3850	7585	0.04	0.02
(c) Central Government / State Government(s)									
(d) Venture Capital Funds									
(e) Insurance Companies	300741	0	300741	1.47	320741	0	320741	1.57	0.10
(f) Foreign Institutional Investors / FPIs	779559	0	779559	3.82	728893	0	728893	3.57	-0.25
(g) Foreign Venture Capital Funds									



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

##### (i) Category-wise Shareholding

Category of Shareholder		Demat	No. of shares held at the beginning of the year			Demat	No. of shares at the end of the year			% of during the year
			Physical	Total	% of total shares		Physical	Total	% of total shares	
(h)	Qualified Foreign Investors									
(i)	Any Other (specify) (Trust)									
	<b>Sub-Total (B)(1)</b>	<b>3860513</b>	<b>2167</b>	<b>3862680</b>	<b>18.93</b>	<b>3651901</b>	<b>5250</b>	<b>3657151</b>	<b>17.92</b>	<b>-1.01</b>
<b>2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate									
	i. Indian	4651379	5076	4656455	22.83	4718380	3101	4721481	23.14	0.31
	ii. Overseas									
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	905086	460143	1365229	6.69	980594	290403	1270997	6.23	-0.46
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	214120	0	214120	1.05	285735	0	285735	1.40	0.35
(c)	NRIs									
(c-i)	Foreign Corporate Body									
(c-ii)	Hindu Undivided Families	0	0	0	0.00	0	0	0	0.00	0.00
(c-iii)	Clearing Members	11982	0	11982	0.06	3563	0	3563	0.02	-0.04
(c-iv)	NBFCs Registered with RBI	648	0	648	0.00	9260	0	9260	0.05	0.05
(c-v)	NRIs	80983	0	80983	0.39	91328	0	91328	0.45	0.06
(c-vi)	Trusts	0	0	0	0.00	4500	0	4500	0.02	0.02
(c-vii)	IEPF	0	0	0	0.00	149334	0	149334	0.73	0.73
	<b>Sub-Total (B)(2)</b>	<b>5864198</b>	<b>465219</b>	<b>6329417</b>	<b>31.02</b>	<b>6242694</b>	<b>293504</b>	<b>6536198</b>	<b>32.04</b>	<b>1.02</b>
<b>(B)</b>	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>9724711</b>	<b>465786</b>	<b>10192097</b>	<b>49.95</b>	<b>9894595</b>	<b>298754</b>	<b>10193349</b>	<b>49.96</b>	<b>0.01</b>
	<b>TOTAL (A) + (B)</b>	<b>19932614</b>	<b>465786</b>	<b>20400000</b>	<b>100.00</b>	<b>20101246</b>	<b>298754</b>	<b>20400000</b>	<b>100.00</b>	
(C)	Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>19934214</b>	<b>465786</b>	<b>20400000</b>	<b>100.00</b>	<b>20101246</b>	<b>298754</b>	<b>20400000</b>	<b>100.00</b>	







(ii) Shareholding of promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year (01-04-2017)			Shareholding at the end of the year (31-03-2018)			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged/ encumbered to total shares	
1	S VEERA REDDY	1643795	8.06	Nil	1643795	8.06	Nil	
2	S ARUNA	1369545	6.71	Nil	1369545	6.71	Nil	
3	S RACHANA	1164280	5.71	Nil	1164280	5.71	Nil	
4	S ANAND REDDY	1304776	6.40	Nil	1303524	6.39	Nil	-0.01
5	SREEKANTH REDDY SAMMIDI	1238753	6.07	Nil	1238753	6.07	Nil	
6	S VANAJATHA	990769	4.86	Nil	990769	4.86	Nil	
7	W MALATHI	755400	3.70	Nil	755400	3.70	Nil	
8	N MADHAVI	533800	2.62	Nil	533800	2.62	Nil	
9	P V NARSIMHA REDDY	2000	0.01	Nil	2000	0.01	Nil	
10	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION LTD	313285	1.54	Nil	313285	1.54	Nil	
11	PANCHAVATI POLYFIBRES LTD	31500	0.15	Nil	31500	0.15	Nil	
12	SAGAR PRIYA HOUSING & INDUSTRIAL ENTERPRISES LTD	860000	4.22	Nil	860000	4.22	Nil	
	<b>TOTAL</b>	<b>10207903</b>	<b>50.05</b>	<b>Nil</b>	<b>10206651</b>	<b>50.04</b>	<b>Nil</b>	<b>-0.01</b>

(iii) Change in Promoters' Shareholding

Sl. No.	Description	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
	At the beginning of the year	10207903	50.05	10207903	50.05
	Acquired during the year				
	Acquired *				
	Sold *	1252	-0.01	1252	-0.01
	At the end of the year	10206651	50.04	10206651	50.04

\* Shares of the Company are traded on a daily basis and hence the date wise increase or decrease in the shareholding is not furnished.



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs).

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2017 *		Shareholding at the end of the year 31-03-2018 **	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	AVH RESOURCES INDIA PRIVATE LTD.	3583704	17.57	3583704	17.57
2	HDFC TRUSTEE COMPANY LTD. - HDFC PRUDENCE FUND	920000	4.51	1416000	6.94
3	SBI MAGNUM COMMA FUND/ SBI INFRASTRUCTURE FUND	918729	4.50	173919	0.85
4	TWINVEST FINANCIAL SERVICES LTD.	813327	3.99	813327	3.99
5	ICICI PRUDENTIAL FUND	560000	2.75	79139	0.39
6	KOTAK MAHINDRA (INTERNATIONAL) LTD.	375000	1.84	0	0.00
7	KITARA INDIA MICRO CAP GROWTH FUND	0	0.00	375000	1.84
8	ICG Q LIMITED	330000	1.62	330000	1.62
9	IDFC CLASSIC EQUITY FUND	305235	1.50	894584	4.39
10	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	300741	1.47	320741	1.57
11	VANAJA SUNDAR IYER	160000	0.78	200000	0.98
12	IEPF	0	0.00	149334	0.73

\* In the list of top 10 as on 1-4-2017;

\*\* In the list of top 10 as on 31-03-2018

Note: As the shares of the Company are traded on a daily basis, the date wise increase or decrease in the shareholding is not furnished.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Date	Reason	Shareholding at the beginning of the year 01-04-2017		Shareholding at the end of the year 31-03-2018	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	<b>Directors</b>						
1	Shri O.Swaminatha Reddy	01/04/2017	At the beginning of the year	Nil	Nil		
		31/03/2018	At the end of the year			Nil	Nil
2	Shri S.Veera Reddy	01/04/2017	At the beginning of the year	1643795	8.06		
		31/03/2018	At the end of the year			1643795	8.06
3	S Rachana	01/04/2017	At the beginning of the year	1164280	5.71		
		31/03/2018	At the end of the year			1164280	5.71
4	S Anand Reddy	01/04/2017	At the beginning of the year	1304776	6.40		
		31/03/2018	At the end of the year			1303524	6.39



5	Sreekanth Reddy Sammidi	01/04/2017	At the beginning of the year	1238753	6.07		
		31/03/2018	At the end of the year			1238753	6.07
6	Shri K.Thanu Pillai	01/04/2017	At the beginning of the year	Nil	Nil		
		31/03/2018	At the end of the year			Nil	Nil
7	Shri V.H.Ramakrishnan	01/04/2017	At the beginning of the year	Nil	Nil		
		31/03/2018	At the end of the year			Nil	Nil
8	Shri John-Eric Fernand Pascal Cesar Bertrand	01/04/2017	At the beginning of the year	Nil	Nil		
		31/03/2018	At the end of the year			Nil	Nil
9	Shri T.Nagesh Reddy	01/04/2017	At the beginning of the year	Nil	Nil		
		31/03/2018	At the end of the year			Nil	Nil
<b>Key Managerial Personnel</b>							
1	Shri R.Soundararajan, Company Secretary	01/04/2017	At the beginning of the year	10	0		
		31/03/2018	At the end of the year			10	0
2	Shri K.Prasad, Chief Financial Officer	01/04/2017	At the beginning of the year	Nil	Nil		
		31/03/2018	At the end of the year			Nil	Nil

## V. INDEBTEDNESS

Indebtedness of the company including interest outstanding / accrued but not due for payment (₹ in lakhs)

Particulars		Secured Loans excluding deposits (Note1)	Unsecured Loans	Deposits (Note2)	Total Indebtedness
1	Indebtedness at the beginning of the year				
i	Principal Amount	23,276.00	-	3,978.59	27,254.59
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	63.00	-	-	63.00
	<b>Total (i + ii + iii)</b>	<b>23,339.00</b>	<b>-</b>	<b>3,978.59</b>	<b>27,317.59</b>
	<b>Change in the indebtedness during the financial year</b>				
	Addition	2,256.00	-	1,952.66	4,208.66
	Reduction	3,130.00	-	1,831.70	4,961.70
	Net Change	(874.00)	-	120.96	(753.04)
	<b>Indebtedness at the end of the year</b>				
i	Principal Amount	26,147.00	-	4,270.00	30,417.00
ii	Interest due but not paid	-	-	-	-
iii	Interest accrued but not due	98.00	-	-	98.00
	<b>Total (i + ii + iii)</b>	<b>26,245.00</b>	<b>-</b>	<b>4,270.00</b>	<b>30,515.00</b>

- Note:**
1. These liability represents obligations under finance lease including current portion of obligations.
  2. These are deposits received from vendors for contracts to be executed.



## VI. Remuneration of Directors and Key Managerial Personnel

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

(in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri S.Veera Reddy (M.D)	Dr.S.Anand Reddy (J.M.D)	Shri S.Sreekanth Reddy (E.D)	
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	1,68,00,000	1,26,00,000	1,05,00,000	3,99,00,000
	(b) Value of perquisites u/s.17 (2) of Income-Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17 (3) of Income-Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	1,00,00,000	1,00,00,000	1,00,00,000	3,00,00,000
	- as % of profit	1.35	1.35	1.35	4.05
	- Others, specify (arrears relating to previous year)	-	-	-	-
5	Total (A)	2,68,00,000	2,26,00,000	2,05,00,000	6,99,00,000
	Ceiling as per the Act				<b>7,38,22,885</b>

### B. Remuneration to other Directors

(in ₹)

Sl. No.	Particulars of Remuneration	Name of the Director			Total Amount
		Shri O. Swaminatha Reddy	Shri K. Thanu Pillai	Shri.V.H. Ramakrishnan	
1	<b>Independent directors</b>				
	- Fee for attending board/ committee meetings	2,80,000	3,00,000	2,40,000	8,20,000
	<b>Total (1)</b>	<b>2,80,000</b>	<b>3,00,000</b>	<b>2,40,000</b>	<b>8,20,000</b>
2	<b>Other Non-Executive Directors</b>	Name of the Director			<b>Total Amount</b>
		Shri T.Nagesh Reddy (APIDC's Nominee) *	Shri John Eric Fernand Pascal Cesar Bertrand	Smt.S. Rachana	Shri Van Nieuwenborgh Jens (Alternate Director to Shri John Eric Fernand Pascal Cesar Bertrand)
	- Fee for attending board/ committee meetings	1,20,000	40,000	1,20,000	20,000
	<b>Total (2)</b>	<b>1,20,000</b>	<b>40,000</b>	<b>1,20,000</b>	<b>20,000</b>
	<b>Total (B) = (1 + 2')</b>				<b>11,20,000</b>
	<b>Total Managerial Remuneration (A + B)</b>				<b>7,10,20,000</b>
	Overall Ceiling as per the Act				<b>8,12,05,173</b>

\* Sitting Fee paid to the Institution, he represents viz., APIDC directly.



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

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri R Soundararajan	Shri K.Prasad	
1	<b>Gross Salary</b>			
	a. Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	27,51,769	34,64,596	62,16,365
	b. Value of perquisites u/s.17 (2) of Income-Tax Act, 1961			
	c. Profits in lieu of salary under Section 17 (3) of Income-Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- As % of profit			
	- Others, specify			
5	Others, Allowances			
	<b>Total</b>	<b>27,51,769</b>	<b>34,64,596</b>	<b>62,16,365</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

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

**Annexure - 6**

Particulars of employees as required under Section 197 of the Companies Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of the Employee	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy
Designation	Managing Director	Joint Managing Director	Executive Director
Age	82 years	54 years	46 years
Remuneration received (₹)	1,68,00,000	1,26,00,000	1,05,00,000
Commission received (₹)	1,00,00,000	1,00,00,000	1,00,00,000
Nature of employment	Contractual	Contractual	Contractual
Nature of duties	General Management	General Management	General Management
Qualification	-	M.B.B.S.	B.E. (I & P) P.G. Dip. in Cement Technology
Experience (Years)	57	25	22
Date of Commencement of Employment	13.07.1991	21.11.1992	26.6.2003
Last Employment held	Nil	Nil	Nil

Shri S.Veera Reddy, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy are related to each other.



## Annexure 7

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134 (3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

#### Conservation of Energy and Technology Absorption

Your company attaches utmost importance to conservation of energy by adopting innovative measures through usage of eco-friendly and cheaper fuels, reducing wastage and optimizing the consumption of energy. Some of the specific measures undertaken in this direction are listed below.

1. Coal Mill and Cement Mill filter bags have been replaced with Membrane bags to reduce emission levels from 50 mgm/nm<sup>3</sup> to 30 mgm/nm<sup>3</sup>.

#### Optimization of Plant Capacity

Company has taken up Plant optimization program to enhance the production capacity and reduce the Power and Fuel Consumption.

The following initiatives have been taken.

1. Optimization of Cement Production.
2. Completion of enhancement in the capacity of Grinding Unit at Bayyavaram Village, Anakapally, Visakhapatnam from 0.30 million tons to 1.5 million tons.
3. Commissioning of 6 MW WHR Power Plant.
4. Commissioning of 1.25 MW Solar Power Plant.
5. Setting-up of 18 MW Coal Based Power Plant (under implementation).
6. Acquisition of 8.3 MW Hydel Power Plants.

#### Research and Development

Your Company Collaborates with National Council for Cement Building & Materials for Research and Development activities and appointed CII for Plant Energy Audit.

#### Foreign Exchange earnings and Outgo

Details of foreign exchange earnings and outgo as per the Companies Act, 2013, are given below.

(₹ in Lakhs)

S.No	Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
1	Outgo	1720.19	167.52
2	Inflow	Nil	Nil



## Corporate Governance Report for the year 2017-18

### 1. Company's philosophy on code of governance:

Sagar Cements believes that adherence to good corporate practice leads to transparency in its operations and improvement in the quality of its relationship with all its stakeholders.

The Company is in compliance with the requirements applicable under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) with regard to corporate governance.

### 2. Board of Directors:

#### Composition:

The Board of Directors has an optimum combination of Executive and Non-Executive Directors and its composition is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act 2013 ("Act"). All the Directors have made the requisite disclosures regarding directorships and Committee positions held by them in other Companies.

- i. As on March 31, 2018, the Company had nine Directors on its Board. Of the said nine Directors, six are Non-Executive Directors, which include three Independent Directors.

Following was the composition of directors as on March 31, 2018.

Sl No.	Name of the Director	Category of Directorship
1	Shri O.Swaminatha Reddy, Chairman	Independent and Non-Executive
2	Shri S.Veera Reddy, Managing Director	Executive - Promoter Group and Non-Independent
3	Dr.S.Anand Reddy, Joint Managing Director	Executive - Promoter Group and Non-Independent
4	Shri S.Sreekanth Reddy, Executive Director	Executive - Promoter Group and Non-Independent
5	Mrs.S.Rachana, Director	Non-Executive – Promoter Group and Non-Independent
6	Shri K.Thanu Pillai	Independent and Non-Executive
7	Shri V.H.Ramakrishnan	Independent and Non-Executive
8	Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive and Non-Independent
9	Shri T.Nagesh Reddy	Non-Executive-Nominee Director of APIDC, (Equity Investor)

- ii. None of the Directors on the Board holds directorships in more than ten public companies. Further, as on 31<sup>st</sup> March, 2018, none of them was a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she was a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2018 have been made by the Directors. Following directors are related inter-se:

Dr.S.Anand Reddy and Shri S.Sreekanth Reddy are the sons of Shri S.Veera Reddy and Smt.S.Rachana is wife of Shri S.Sreekanth Reddy.

- iii. All the Independent Directors are non-executive directors in accordance with Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The current tenure of all the independent directors is for 5 years. All the Independent Directors have confirmed that they meet with the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- iv. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2018 are given hereunder. Other directorships do not include their other directorships if any in private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Audit Committee and Stakeholders' Relationship Committee are alone considered for the purpose.



Name of the Director	Category	Number of board meetings during the year 2017-18		Whether attended last AGM held on 22.9.2017	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
		Held	Attended		Chairman	Director	Chairman	Member
Shri O.Swaminatha Reddy	Independent and Non-Executive, Chairman	6	6	Yes	2	5	4	2
Shri S.Veera Reddy	Managing Director, Promoter	6	2	No	-	5	1	-
Dr.S.Anand Reddy	Joint Managing Director, Promoter	6	6	Yes	-	4	-	-
Shri S.Sreekanth Reddy	Executive Director, Promoter	6	6	Yes	1	3	-	-
Mrs. S.Rachana	Non-Executive, Promoter	6	5	Yes	-	1	-	-
Shri K.Thanu Pillai	Independent and Non-Executive, Director	6	6	Yes	-	7	-	1
Shri V.H. Ramakrishnan	Independent and Non-Executive, Director	6	6	Yes	-	2	-	3
Shri T.Nagesh Reddy	Nominee Director of APIDC, (Equity Investor)	6	6	Yes	-	-	-	-
Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive	6	3	Yes	-	-	-	-
Van Nieuwenborgh Jens (From 29.5.17 to 22.9.17)	Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand	2	2	-	-	-	-	-

- v. Board met six times during the year and the gap between their two consecutive meetings did not exceed one hundred and twenty days. The dates of the above meetings were:  
29.05.2017, 27.07.2017, 22.09.2017, 26.10.2017, 24.01.2018 and 26.02.2018.
- vi. Information applicable and falling under Part A of the Schedule II of SEBI Listing Regulations, were placed before the Board for its consideration.
- vii. The terms and conditions of appointment of the Independent Directors are available on the website of the Company.
- viii. During the year, the Independent Directors held their separate meeting on 24.01.2018.
- ix. The Board periodically reviews the reports furnished to it by the company on compliance with laws applicable to the Company.





- x. The details of the familiarization programme of the Independent Directors are available on the website of the Company ([www.sagarcements.in](http://www.sagarcements.in)).
- xi. Details of equity shares of the Company held by the Directors as on March 31, 2018 are given below:

Name	Category	Number of equity shares
Shri S.Veera Reddy	Managing Director – Promoter	16,43,795
Dr.S.Anand Reddy	Joint Managing Director - Promoter	13,03,524
Shri S.Sreekanth Reddy	Executive Director - Promoter	12,38,753
Mrs.S.Rachana	Non-Executive, Promoter	11,64,280

The Company has not issued any convertible instruments. None of the Non-Executive Directors other than the one mentioned above was holding any shares in the company as on 31<sup>st</sup> March, 2018.

### 3. Audit Committee:

- i. The composition of the audit committee of the Board is in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.
- ii. The terms of reference of the audit committee is as per Part C of the Schedule II of the SEBI Listing Regulations and include:
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
  - Approval of payment to statutory auditors for any other services rendered by them;
  - Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
    - ❖ Matters required to be included in the Directors' Responsibility Statement for inclusion in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
    - ❖ Changes, if any, in the accounting policies and practices and reasons for the same.
    - ❖ Major accounting entries involving estimates based on the exercise of judgment by management.
    - ❖ Significant adjustments made in the financial statements arising out of audit findings.
    - ❖ Compliance with listing and other legal requirements relating to financial statements.
    - ❖ Disclosure of related party transactions
    - ❖ Qualifications in the draft audit report.
  - Reviewing with the management, the quarterly financial statements before submission to the board for approval;
  - Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
  - Approval or any subsequent modifications of transactions with related parties;
  - Scrutiny of inter-corporate loans and investments;
  - Examination of the financial statement and the auditors' report thereon;
  - Evaluation of internal financial controls;
  - Establishment of vigil mechanism for directors and employees to report genuine concerns.
  - Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussions on any related issues with the internal and statutory auditors and the management of the Company;
  - Review of the information required as per SEBI Listing Regulations.



- iii. The audit committee invites to its meetings such of the executives, as it considers appropriate (particularly the head of the finance function). Representatives of the statutory auditors and internal auditors are also present at such meetings. The Company Secretary acts as the Secretary to the Committee.
- iv. Shri R.Soundararajan, Company Secretary, has been appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code.
- v. The previous Annual General Meeting (“AGM”) of the Company was held on September 22, 2017 and the Chairman of the audit committee was present at the said meeting.
- vi. The composition of the Audit Committee as on 31<sup>st</sup> March, 2018 and the details of attendance at its meetings during the year 2017-18 are given below:

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Shri O.Swaminatha Reddy Chairman	Independent and Non-Executive Director	5	5
Shri K.Thanu Pillai	Independent and Non-Executive Director	5	5
Shri V.H.Ramakrishnan	Independent and Non-Executive Director	5	5

- vii. Audit committee met 5 times during the year 2017-18 and the dates of such meeting are:  
29.05.2017, 27.07.2017, 26.10.2017, 24.01.2018 and 26.02.2018.

#### 4. Nomination and Remuneration Committee:

- i. Composition of the nomination and remuneration committee of the Board is in line with the Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.
- ii. The terms of reference of the nomination and remuneration committee are available on the company’s website [www.sagarcements.in](http://www.sagarcements.in).

##### Nomination and Remuneration policy:

The Committee has adopted a Policy for Nomination and Remuneration, which is aimed at attracting, retaining, developing and motivating workforce. Individual performance is assessed and rewarded through annual appraisal process.

Details of such a policy are available on the company’s web site, [www.sagarcements.in](http://www.sagarcements.in).

- iii. Following was the composition of the Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2018:

Name	Category
Shri K.Thanu Pillai, Chairman	Independent and Non-Executive
Shri O.Swaminatha Reddy	Independent and Non-Executive
Smt S.Rachana	Non-Executive

The Committee did not hold any meetings during the year 2017-18.

- iv. The Company presently does not have any Employee Stock Option Scheme.
- v. Performance Evaluation Criteria / Policy for Directors:

The company has adopted a Policy for evaluating the performance of its management personnel, which is available on the company’s web site.



## 5. Remuneration of Directors

### Remuneration to Non-Executive Directors:

Non-Executive Directors are not paid any remuneration other than the sitting fee of ₹ 20,000/- for each meeting of the Board and Committees thereof attended by them.

Sitting fees payable to the nominee directors are paid directly to the institutions they represent. Details of sitting fees paid to the non-executive directors during the year 2017-18 are given below:

Sl.No.	Name of the Director	Sitting Fee (₹ in Lakhs)
1	Shri O.Swaminatha Reddy	2.80
2	Shri K.Thanu Pillai	3.00
3	Shri.V.H.Ramakrishnan	2.40
4	Shri T.Nagesh Reddy (APIDC Nominee)	1.20
5	Shri John-Eric Fernand Pascal Cesar Bertrand	0.40
6	Smt.S.Rachana	1.20
7	Shri Van Nieuwenborgh Jens	0.20
<b>Total</b>		<b>11.20</b>

### Remuneration to the Managing Director and other Whole time Directors:

The Company pays remuneration to its Managing Director and other Whole time Directors by way of salary and perquisites, which are fixed components and by way of commission, a variable component. Remuneration is paid in accordance with the recommendation made by the Nomination and Remuneration Committee and approved by the Board of Directors which is subject to further approval of the shareholders and Central Government, wherever required.

The whole-time directors were entitled to the following remuneration for the year 2017-18. (₹ in Lakhs)

Description	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy
Salary and Perks	168.00	126.00	105.00
Commission	100.00	100.00	100.00
<b>Total</b>	<b>268.00</b>	<b>226.00</b>	<b>205.00</b>

In addition to the above, the Managing/Whole-time directors are entitled to contribution to P.F., Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of their tenure.

Services of the Managing Director / Whole-time Director with the company may be terminated by either party, giving the other party six months' notice.

## 6. Stakeholders' Relationship Committee

- i. The stakeholders' relationship committee was in line with the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178 of the Act as applicable on 31.03.2018.
- ii. The broad terms of reference of the stakeholders' relationship committee are as under:
  - Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend/notice/ annual reports, etc. and all other securities-holders related matters.
  - Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.



iii. **Composition of the Stakeholders' Relationship Committee:**

The Stakeholders Relationship Committee of the Board constituted in accordance with SEBI Listing Regulations then applicable, had the following directors as its members as on 31<sup>st</sup> March, 2018:

Name	Category
Shri T.Nagesh Reddy, Chairman	Non-Executive
Dr.S.Anand Reddy, Member	Executive

Shri R.Soundararajan, Company Secretary, is the compliance officer for the above purpose. Based on the information obtained from the Company's Registrars, the Company had received 41 complaints from the investors during the year 2017-18 and all these complaints, being routine in nature, were redressed in the normal course by the Registrars themselves. There were no complaints pending as on 31<sup>st</sup> March, 2018. In view of these and also of the fact that all requests for transfer of shares held in physical forms were swiftly approved by the officials of the Company in terms of the authorization given to them by the Board, the need for physically convening a meeting of the Committee was not felt during the year 2017-18.

iv. Name, designation and address of Compliance Officer:

Shri R.Soundararajan  
Company Secretary  
Sagar Cements Limited  
Regd.Office: Plot No.111, Road No.10  
Jubilee Hills, Hyderabad-500 033  
Telephone: 91 40 23351571 Fax: 91 40 23356573

**Other Committees**

**Investment Committee**

With a view to evaluating major capital expenditure proposals and investment opportunities available to the Company from time to time, the Board has constituted an Investment Committee with the following directors as its members:

Shri O.Swaminatha Reddy	Chairman
Shri S.Veera Reddy	Member
Shri K.Thanu Pillai	Member

**Meetings held:**

The Investment Committee met 2 times during the year and the dates of such meetings are:

24.01.2018 and 26.02.2018.

**Securities Allotment Committee**

With a view to allot securities as and when approved by the Board/Shareholders, the company has constituted a committee known as Security Allotment Committee with the following Independent Directors as its members:

Shri O.Swaminatha Reddy	Chairman
Shri K.Thanu Pillai	Member
Shri.V.H.Ramakrishnan	Member

The need for convening a meeting of the Committee was not felt during the year 2017-18.

**Corporate Social Responsibility Committee**

CSR Committee of the Company has been constituted in line with the provisions of Section 135 of the Act.



The company is committed to operate and grow its business in a socially responsible way, while reducing the environmental impact of its operations and increasing its positive social impact. It aims to achieve growth in a responsible way by encouraging people to take small every day actions that will make a big difference. This SCL CSR Policy is guided by the following principles:

1. To conduct its operations with integrity and responsibility keeping in view the interest of all its stakeholders.
2. It believes that growth and environment should go in hand and hand.
3. It looks forward to collaborate with different stakeholders including Governments, NGOs, Suppliers and Distributors to tackle the challenges faced by the society.

During the year, one meeting of the CSR Committee was held on 24.01.2018.

The composition of the CSR Committee and details of the meeting attended by its members are given below:

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Shri K.Thanu Pillai (Chairman)	Independent, Non-Executive	1	1
Dr.S.Anand Reddy	Executive, Promoter Group and Non-independent	1	1
Shri S.Sreekanth Reddy	Executive, Promoter Group and Non-independent	1	1
Mrs.S.Rachana	Non-Executive, Promoter Group and Non-independent	1	1

## 7. General Body Meetings:

### i. General Meeting

The details of the time, venue and the date of the last three Annual General Meetings of the Company are given below:

AGM	Date	Time	Venue
36th AGM	22 <sup>nd</sup> September, 2017	4.00. p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
35th AGM	28 <sup>th</sup> September, 2016	4.00. p.m.	
34th AGM	23 <sup>rd</sup> September, 2015	4.00. p.m.	

### Details of Special Resolutions passed in the above said Annual General Meetings are given below:

No Special Resolutions were passed at the 36<sup>th</sup> Annual General Meeting.

At the 35<sup>th</sup> AGM, three special resolutions approving the reappointment and payment of Remuneration to Shri.S.Veera Reddy, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy as Managing Director, Joint Managing Director and Executive director, respectively were passed.

At the 34<sup>th</sup> AGM, three special resolutions, one to modify the terms of payment of remuneration to Shri S.Veera Reddy, Managing Director and one for alteration of Memorandum and one for altering the Articles of Association of the company, to bring these documents in line with Companies Act, 2013 were passed.

### Details of Special Resolutions passed through Postal Ballot: Nil

Other than the above said resolutions, the company did not pass any resolution exclusively through Postal Ballot in the year 2017-18. However, in order to enable its Members, who did not have the access to e-voting facility to enable them to send their assent or dissent in writing in respect of resolutions as set out in the Notice, the company forwarded Ballot Forms along with the Notice of all the general meetings referred to above.

M/s.BSS & Associates, Practicing Company Secretaries conducted ballot exercise in connection with all the above said resolutions.



There is presently no proposal to pass any special resolution exclusively through postal ballot. However, the company is forwarding the ballot forms along with the Notice of the Annual General Meeting in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of resolutions proposed to be passed in the AGM.

## 8. Means of communication

### Quarterly results:

As part of compliance with Regulation 33, 10 and 47 of the SEBI Regulations, the Company furnishes its quarterly financial results to the Stock Exchanges where its shares have been listed, followed by publication in the newspapers in accordance with the said Regulations.

### Newspapers in which the results were published:

Details of newspapers in which quarterly results relating to the Financial Year 2017-18 were published are given below:

Quarter ended	Date of Publication	Name of the newspapers carrying the publication
30 <sup>th</sup> June, 2017	29.07.2017	Financial Express and Andhra Praha
30 <sup>th</sup> September, 2017	27.10.2017	"
31 <sup>st</sup> December, 2017	25.01.2018	"
31 <sup>st</sup> March, 2018	31.05.2018	"

### Website where displayed:

The Financial Results and Shareholding pattern of the Company are available on the Company's website '[www.sagarcements.in](http://www.sagarcements.in)' and also on the website of NSE and BSE as part of corporate filing made by the Company from time to time with the said stock exchanges.

### Press Release

Press Releases as and when issued by the company in respect of financial results are also made available on the company's website.

### Presentation made to Institutional Investors and Financial Analysts:

Excepting the occasions when the Company had to respond in a general way to the queries now and then received from investors / analysts regarding the affairs of the company, there were no specific presentations made to any of them during the year 2017-18. Copies of the press-release, as and when issued by the Company, mostly after submission of financial results to the Stock Exchanges, are simultaneously made available to the Stock Exchanges and the transcription of conference call held with the analysts / investors following the declaration of financial results are furnished to the stock exchanges and place on the company's website.

### Management Discussion and Analysis Report

The Annual Report of the Company contains the Management Discussion and Analysis as part of the Directors' Report.

### Subsidiary companies

The Company has a wholly owned subsidiary, Sagar Cements (R) Limited (Formerly known as BMM Cements Limited). The audit committee reviews the consolidated financial statements of the Company and also the financial statements of the said subsidiary. The minutes of the board meetings along with its subsidiary, are periodically placed before the Board of Directors of the Company. Shri O.Swaminatha Reddy, Shri.K.Thanu Pillai and Shri.V.H.Ramakrishnan, who are independent directors of the company are also on the Board of the said subsidiary.



## 9. General Shareholder information:

### a. Annual General Meeting:

**Date & Time** : 4.00 p.m. on Thursday, the 27th September, 2018  
**Venue** : Hotel Golkonda, Masab Tank, Hyderabad - 500 028.

**b. Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March

**c. Book Closure Dates** : From 21.09.2018 to 27.09.2018 (both days inclusive)

### d. Dividend payment date :

The Board of Directors on October 26, 2017 announced an Interim Dividend of ₹ 2.50 per equity share (25%) on the 2,04,00,000 equity shares of ₹ 10/- each of the company for the year 2017-18 and paid the same on November 16, 2017.

The Board has since recommended a further dividend @ 15% i.e., ₹ 1.50 per share, subject to its declaration by the members at the Annual General Meeting, which will be paid to the shareholders within 30 days of the said declaration.

### e. Listing on Stock Exchanges:

The paid up share capital of the company is ₹ 20,40,00,000/- consisting of 2,04,00,000 equity shares of ₹ 10/- each. All these shares have been listed on the National Stock Exchange of India Ltd. Mumbai and BSE Ltd. Mumbai. There are no dues against listing fee payable to these stock exchanges.

### f. Stock and ISIN Codes for the Company's shares:

ISIN code and Stock Exchange codes for the Company's shares:

Name of the Stock Exchange	Scrip Code
National Stock Exchange of India Limited, "Exchange Plaza", 5 <sup>th</sup> Floor, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051	SAGCEM
BSE Limited, P J Towers, Dalal Street, Mumbai – 400 001	502090
ISIN	INE229C01013

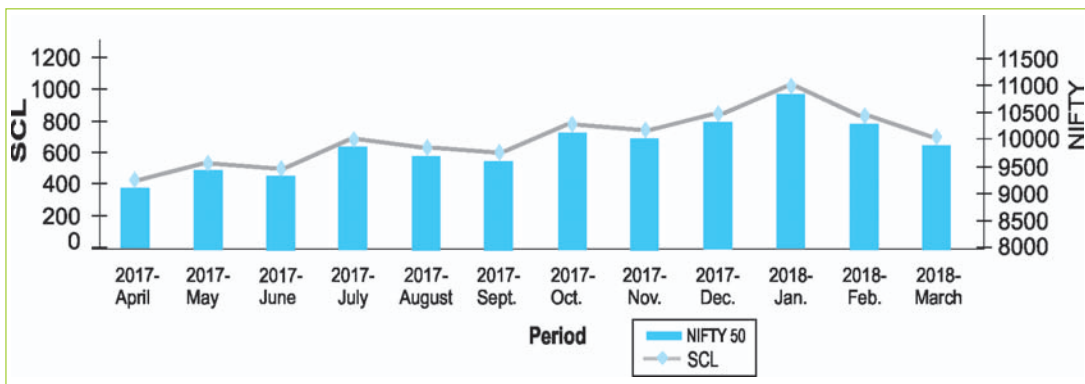
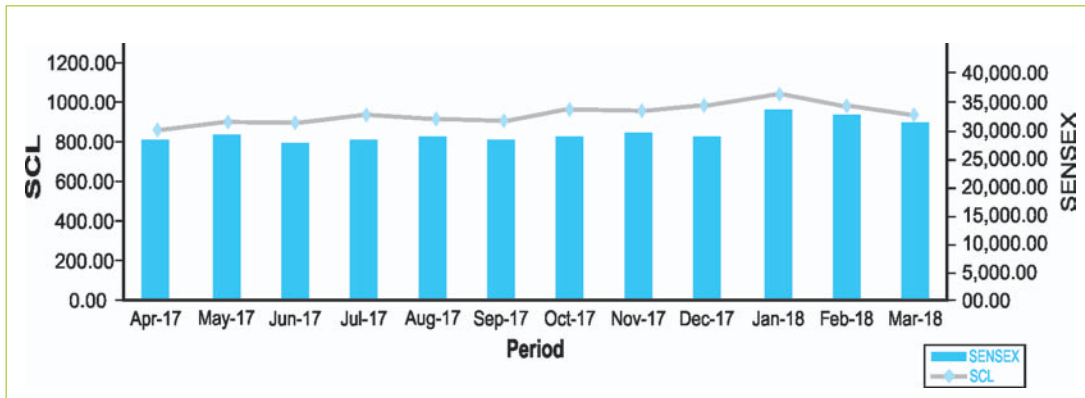
### g. Market price details:

High, Low and closing prices for the Company's shares during the Financial Year as traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

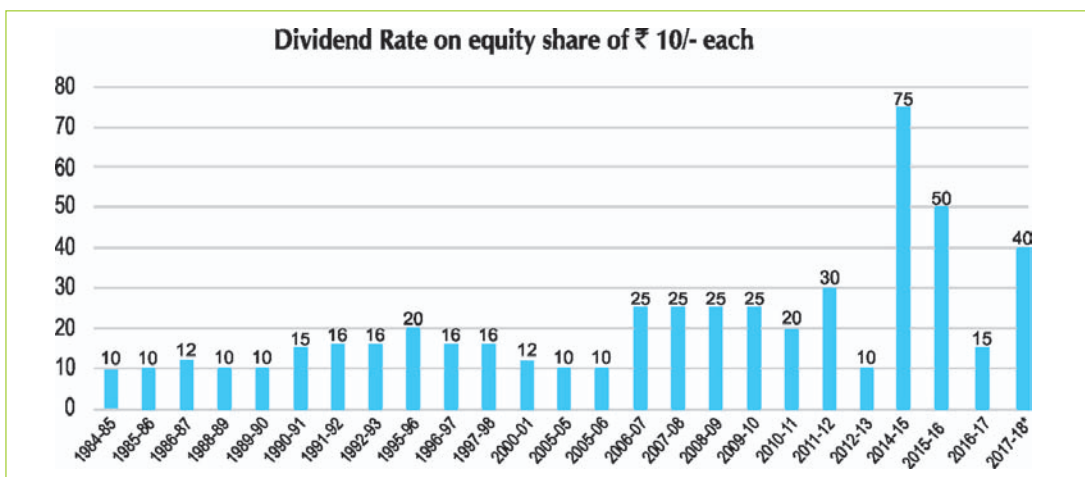
Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April 2017	869.00	760.00	848.35	870.00	755.00	847.60
May 2017	940.00	791.00	852.15	942.15	783.00	850.75
June 2017	889.85	776.00	816.45	887.95	775.05	820.60
July 2017	888.85	785.00	839.30	878.80	792.00	841.45
August 2017	862.00	773.00	853.80	864.90	766.00	850.40
September 2017	858.00	800.55	830.70	860.00	800.00	820.50
October 2017	895.45	811.00	853.90	890.00	805.25	859.00
November 2017	885.60	800.05	872.15	885.05	807.00	872.10
December 2017	894.75	800.10	848.40	889.75	796.55	842.30
January 2018	1161.40	850.00	992.30	1175.50	846.45	996.40
February 2018	1035.00	816.70	980.00	1037.00	833.40	975.95
March 2018	985.00	850.00	924.55	988.80	845.65	923.00



Sagar Cements Share Price movements during the year 2017-18 as compared with SENSEX and NIFTY, are depicted below:



#### Dividend History



\* Subject to approval of the shareholders at the ensuing AGM





**h. Disclosure with respect to unclaimed shares:**

a	Aggregate number of shareholders and the shares remaining unclaimed at the beginning of the year	8 shareholders in aggregate holding 2815 shares
b	Number of shareholders who approached claiming shares against the above	Nil
c	Number of shareholders to whom shares were transferred against (a) above	Nil
d	Aggregate number of shareholders and the shares remaining at the end of the year	8 shareholders in aggregate holding 2815 shares

The voting rights on the unclaimed shares outstanding as on March 31, 2018 shall remain frozen till the rightful owners of such shares claim the shares concerned.

**i. Transfer of unclaimed / unpaid dividend amounts to the Investor Education and Protection Fund (“IEPF”):**

The un-claimed dividends for the financial year ended 31<sup>st</sup> March 1996 onwards and up to the financial year ended 31<sup>st</sup> March 2010 (Final dividend) were duly transferred to the Investors Education and Protection Fund set up by the Government of India in accordance with the Companies Act as applicable at the time of such transfer. Details of the unclaimed dividends are available on the company’s website, [www.sagarcements.in](http://www.sagarcements.in).

**j. Registrars and Share Transfer Agents:**

Karvy Computershare (P) Limited  
 Karvy Selenium Tower B, Plot 31-32, Financial District,  
 Nanakramguda, Serilingampally Mandal, Hyderabad -500032  
 Phone:040-67161500, e-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
 Toll Free No: 1800-3454-001, [mailmanager@karvy.com](mailto:mailmanager@karvy.com), Website: [karvycomputershare.com](http://karvycomputershare.com)

**k. Share Transfer System:**

Around 98.54% of the shares of the Company are held in electronic form. Transfer of these shares is affected through the depositories with no involvement of the Company.

As regards transfer of shares held in physical form, the transfer documents can be lodged either with the Company at its Registered Office or with the Company’s Registrars and Share Transfer Agents, whose address has been given above.

All proposals for transfer of shares held in physical form are scrutinized by the Company’s Share Transfer Agents and, subject to the same being found to be in order, are approved jointly by the Joint Managing Director and the Company Secretary, who, for administrative convenience and speedy approvals, have been delegated with the necessary authority for the purpose by the Board of Directors, who take on record these transfers at their subsequent meetings. However, the shareholders may kindly note that in accordance with SEBI Notification dt.8.6.2018, with effect from 5.12.2018, except in case of transmission or transposition of securities, requests for affecting the transfer of securities (shares) shall not be processed by the Company/Registrar (RTA), if the shares concerned are held in physical form.

**l. Shareholdings particulars as on March 31, 2018**

**(i) Distribution of shareholdings:**

Shareholding range	Shares	%	Holders	%
50 and less	1,05,950	0.52	5,950	53.01
51 to 100	3,38,663	1.66	3,516	31.33
101 to 200	1,25,282	0.61	730	6.50
201 to 300	74,375	0.36	274	2.44
301 to 500	1,38,749	0.68	315	2.81
501 to 1000	1,77,521	0.87	222	1.98
1001 to 5000	3,46,876	1.70	163	1.45
5001 to 10000	1,22,421	0.60	17	0.15
10001 to 20000	1,00,948	0.49	8	0.07
20001 to 50000	1,79,174	0.88	6	0.05
50001 to 100000	1,31,521	0.64	2	0.02
More than 100000	1,85,58,520	90.97	21	0.19
<b>Total</b>	<b>2,04,00,000</b>	<b>100.00</b>	<b>11,224</b>	<b>100.00</b>



**(ii) Shareholding pattern:**

Description	No. of holders / Folios	Shares	% to Total Share Capital	in Demat Form	
				No. of Shares held in Demat Form	% to total shares held
Promoter group	12	1,02,06,651	50.04	1,02,06,651	100.00
Domestic Companies	201	47,21,481	23.14	47,18,380	99.93
Mutual Funds	8	25,99,932	12.74	25,98,532	99.95
Public - Individuals	10,604	15,30,692	7.50	12,40,289	81.03
Foreign Portfolio Investors	14	7,28,893	3.57	7,28,893	100.00
Insurance Companies	1	3,20,741	1.57	3,20,741	100.00
Non Resident Indians	205	91,328	0.45	91,328	100.00
Hindu Undivided Families	140	26,040	0.13	26,040	100.00
Clearing Members	27	3,563	0.02	3,563	100.00
Indian financial Institutions	4	4,764	0.02	914	19.19
Non Banking Financial Companies	4	9,260	0.05	9,260	100.00
Banks	2	2,821	0.01	2,821	100.00
Trust	1	4,500	0.02	4,500	100.00
IEPF	1	1,49,334	0.73	1,49,334	100.00
<b>Total</b>	<b>11224</b>	<b>2,04,00,000</b>	<b>100.00</b>	<b>2,01,01,246</b>	<b>98.54</b>

**m. Dematerialization of Shares and liquidity:**

Trading in the shares of the Company has to be in the electronic form only. The Company has subsisting agreements with both NSDL and CDSL for the purpose. The ISIN number for the company's shares is – INE229C01013. Shares representing more than 98.54% of the share capital were kept in dematerialized form as on 31<sup>st</sup> March, 2018 as detailed below:

In physical form		In Demat Form				Total	
Shares	%	With NSDL		With CDSL		Shares	%
		Shares	%	Shares	%		
298754	1.46	1,95,94,562	96.06	5,06,684	2.48	2,04,00,000	100

**n. Details of outstanding GDR / ADR / Warrants or any other convertible instruments:**

There are no outstanding GDR / ADR / Warrants or any other convertible instruments.

**o. Plants Location:**

Cement Plants:

1. Mattampally, Via Huzurnagar, Nalgonda District, Telangana - 508 204  
Tel: 08683 – 247039
2. Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, A.P. - 531031.  
Tel: 08924 – 244098 / 244550

Hydel Power Units:

1. Guntur Branch Canal Hydel Project  
Tsallagundla Adda Road, Nekarikallu Mandal  
Guntur District, Andhra Pradesh – 522 615
2. Lock-in-Sula Hydel Project  
Banumukkala Village, Banakacherla Regulator  
Pamulapadu Mandal, Kurnool District, A.P.- 518 422

**p. Address for investors related correspondence:**

Company Secretary  
Sagar Cements Limited  
Registered Office:  
Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500033  
Tel. 040 – 23351571, Fax: 040 – 23356573  
Email: soundar@sagarcements.in



## 10. Other disclosures

### i. Related Party Transactions:

Full disclosures of related party transactions during the year 2017-18 as per the Ind As 24 issued by the ICAI have been given under note 34 of the Notes to Financial Statements of the Annual Accounts for the year ended 31<sup>st</sup> March, 2018. These transactions were entered into by the company in its ordinary course of business and at arm's length. There were no materially significant transactions with Directors, their relatives or the Senior Management or other related entities that may have potential conflict with the interests of the Company at large. The Register of Contracts containing transactions in which Directors are deemed to be interested, is placed before each meeting of the Board. All related party transactions had prior approval of the Board's Audit Committee, which later reviewed and ratified these transactions.

### ii. Statutory compliance, Penalties and Strictures:

There was no instance of non-compliance by the Company on any matter relating to capital market during the last three years or any penalties imposed or strictures passed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to capital market during the said period.

### iii. Establishment of Vigil mechanism, Whistle Blower Policy and affirmation

The Company has adopted a 'Vigil Mechanism' and 'Whistle Blower Policy' and affirms that no personnel has been denied access to the audit committee. The said policy has been put up on the website of the Company.

### iv. Compliance with Mandatory requirements and adoption of Non-Mandatory requirements:

- (a) The Company has implemented all the mandatory requirements under SEBI Listing Regulations, as currently in force.
- (b) The audited financial statements of the Company are unqualified.
- (c) The Internal Auditors directly report to the Audit Committee, and make presentations on their reports.
- (d) The policy on dealing with related party transactions and the policy for determining 'material' subsidiaries are available on the company's website <http://www.sagarcements.in/PolicyonRelatedPartyTransaction.html> and (<http://www.sagarcements.in/PolicyonMaterialSubsidiary.html>) respectively.

#### (e) Reconciliation of Share Capital Audit:

A firm of practicing Company Secretaries carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depositories Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. Their audit report confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialized shares held in demat form with NSDL and CDSL.

- (f) The Company has adopted a Policy on Determination of Materiality for Disclosures and the said policy has been put up on the website of the Company.

#### (g) Code of Conduct

The members of the board and senior management personnel have affirmed their compliance during the year ended March 31, 2018 with the Code applicable to them. The annual report of the Company contains a certificate by the CEO / Managing Director on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management.

11. The company has duly complied with the requirements of the Corporate Governance Report of Sub-paras 2 to 10 of Part (C) of Schedule V of the SEBI Listing Regulations.

12. The following discretionary requirements have been adopted pursuant to Part E of Schedule II of SEBI Listing Regulations.

- (a) The Company has a separate Chairman and a separate Managing Director.
- (b) The Internal Auditors of the company are directly reporting to the Audit Committee.

13. The company is in due compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations.



## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the company's website.

I confirm that the company has in respect of the year ended March 31, 2018, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Vice President and above cadre and the Company Secretary as on March 31, 2018.

Hyderabad  
29th May 2018

**S.Veera Reddy**  
Managing Director

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Sagar Cements Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated September 27, 2017.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Sagar Cements Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Controls for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Listing Regulations during the year ended March 31, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)

Hyderabad, July 19, 2018



## Independent Auditors' Report

To the Members of Sagar Cements Limited

### Report on the Standalone Financial Statements

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

### Management's Responsibility for the Standalone Financial Statements

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

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

### Auditor's Responsibility

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

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

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

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

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

### Opinion

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

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Ganesh Balakrishnan**  
Partner

(Membership No. 201193)

Hyderabad, May 29, 2018

## **ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

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

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

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

#### **Management's Responsibility for Internal Financial Controls**

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



## Auditor's Responsibility

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

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

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

For DELOITTE HASKINS & SELLS

Chartered Accountants  
(Firm's Registration No. 008072S)

Ganesh Balakrishnan

Partner  
(Membership No. 201193)

Hyderabad, May 29, 2018





## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S 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 property, plant and equipment.
  - (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company had granted unsecured loans to a company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit falling under the purview of the provisions of section 73 to 76 of the Companies Act, 2013 during the year and does not have any unclaimed deposits, and hence reporting under clause (v) of the order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Sales Tax, Custom Duty, Excise Duty, Value Added Tax and Entry Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:





Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ lakhs)	Amount Unpaid (₹ lakhs)
Central Excise Act, 1944	Excise duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2011-13	214	168
		Commissioner of Appeals	2015-16	834	11
		High Court of Telangana and Andhra Pradesh	2006-10	1,302	1,302
		Assistant Commissioner	2014-16	15	15
Sales Tax and Values Added Tax (VAT) Laws	Sales tax and VAT	Sales Tax Appellate Tribunal	1999-2000	20	15
		Enforcement Wing, CTO	2010-2011	7	7
Customs Act, 1962	Customs duty	CESTAT	2012-13	193	189
Finance Act, 1994	Service Tax	CESTAT	2014-15	13	12
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2005-06 2008-10 2011-12	1,190	971
Local Areas Act, 2001	Entry tax	High Court of Telangana and Andhra Pradesh	2016-17	65	65
		Additional Divisional Commissioner, Rural Division, Hyderabad	2012-13 to 2015-16	11	10

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, 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 subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Ganesh Balakrishnan**  
Partner

(Membership No. 201193)

Hyderabad, May 29, 2018



## SAGAR CEMENTS LIMITED

Balance Sheet as on March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	55,233	49,451
(b) Capital work-in-progress		12,206	5,165
(c) Intangible assets	3	15	16
(d) Financial assets			
(i) Investments			
(a) Investment in subsidiaries	4	26,595	25,759
(b) Other investments	4	-	28
(ii) Loans	5	2,500	-
(iii) Other financial assets	6	1,435	1,589
(e) Advance income tax	27	71	100
(f) Other non-current assets	7	5,123	2,366
<b>Total Non-current assets (1)</b>		<b>1,03,178</b>	<b>84,474</b>
<b>Current assets</b>			
(a) Inventories	8	6,757	7,296
(b) Financial assets			
(i) Trade receivables	9	5,847	4,634
(ii) Cash and cash equivalents	10	4,050	16,116
(iii) Bank balances other than (ii) above	11	1,597	869
(iv) Other financial assets	6	4,200	4,068
(c) Other current assets	7	5,801	4,237
<b>Total Current assets (2)</b>		<b>28,252</b>	<b>37,220</b>
<b>Total Assets (1 + 2)</b>		<b>1,31,430</b>	<b>1,21,694</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	2,040	2,040
(b) Other equity	13	80,343	76,407
<b>Total Equity (1)</b>		<b>82,383</b>	<b>78,447</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	13,783	14,829
(ii) Other financial liabilities	15	4,491	4,280
(b) Provisions	16	328	199
(c) Deferred tax liabilities (Net)	27	4,030	3,003
(d) Other non-current liabilities	18	179	178
<b>Total Non-current liabilities (2)</b>		<b>22,811</b>	<b>22,489</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	9,577	5,800
(ii) Trade payables	17	7,841	8,420
(iii) Other financial liabilities	15	3,844	2,940
(b) Provisions	16	200	156
(c) Current tax liabilities (Net)	27	232	62
(d) Other current liabilities	18	4,542	3,380
<b>Total Current liabilities (3)</b>		<b>26,236</b>	<b>20,758</b>
<b>Total Liabilities (4 = 2 + 3)</b>		<b>49,047</b>	<b>43,247</b>
<b>Total Equity and Liabilities (1 + 4)</b>		<b>1,31,430</b>	<b>1,21,694</b>
Corporate information and significant accounting policies	1		

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Hyderabad, Date : May 29, 2018

For and on behalf of the Board of Directors

**S.Veera Reddy**  
Managing Director

**R.Soundararajan**  
Company Secretary

Place: Hyderabad, Date: May 29, 2018

**Dr.S.Anand Reddy**  
Joint Managing Director

**K.Prasad**  
Chief Financial Officer

**S.Sreekanth Reddy**  
Executive Director



# STATEMENT OF PROFIT AND LOSS

## SAGAR CEMENTS LIMITED

### Statement of Profit and Loss for the year ended March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

Particulars		Note	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	19	77,601	62,000
II	Other income	20	1,860	2,312
III	<b>Total Income (I + II)</b>		79,461	64,312
IV	<b>Expenses</b>			
(a)	Cost of materials consumed	21	10,713	7,214
(b)	Purchase of stock-in-trade		1,726	-
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(1,650)	297
(d)	Excise duty	41	2,802	8,424
(e)	Employee benefit expenses	23	4,494	3,635
(f)	Finance costs	24	2,973	3,045
(g)	Depreciation and amortisation expense	25	3,330	2,800
(h)	Other expenses	26	47,464	36,493
	<b>Total Expenses</b>		71,852	61,908
V	<b>Profit before tax (III - IV)</b>		7,609	2,404
VI	<b>Tax Expense</b>			
(a)	Current tax	27	1,641	469
(b)	Deferred tax	27	1,029	686
	<b>Total Tax expense</b>		2,670	1,155
VII	<b>Profit after tax (V - VI)</b>		4,939	1,249
VIII	<b>Other comprehensive income</b>			
(i)	Items that will not be reclassified to profit or loss			
(a)	Remeasurement of the defined benefit plans		(32)	(8)
(b)	Equity instruments through other comprehensive income		-	1
(c)	Gain on sale of investments in unquoted equity instruments		1	-
(ii)	Income tax relating to items that will not be reclassified to profit or loss		11	3
			(20)	(4)
IX	<b>Total Comprehensive Income for the year (VII + VIII)</b>		4,919	1,245
X	<b>Earnings Per Share (Face value of ₹ 10 each)</b>			
	Basic and Diluted	36	24.21	6.98
	Corporate information and significant accounting policies	1		

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Hyderabad  
Date : May 29, 2018

For and on behalf of the Board of Directors

**S.Veera Reddy**  
Managing Director

**S.Sreekanth Reddy**  
Executive Director

**R.Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: May 29, 2018

**Dr.S.Anand Reddy**  
Joint Managing Director

**K.Prasad**  
Chief Financial Officer



## SAGAR CEMENTS LIMITED

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

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital							
Particulars	Amount						
Balance at March 31, 2016	1,739						
Changes in equity share capital during the year	301						
<b>Balance at March 31, 2017</b>	<b>2,040</b>						
Changes in equity share capital during the year	-						
<b>Balance at March 31, 2018</b>	<b>2,040</b>						
B. Other equity							
Particulars	Reserves and surplus				Items of other comprehensive income		Total other equity
	Capital reserve	Securities premium account	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
<b>Balance as at the March 31, 2016</b>	<b>35</b>	<b>10,503</b>	<b>3,598</b>	<b>39,469</b>	<b>12</b>	<b>41</b>	<b>53,658</b>
Profit for the year	-	-	-	1,249	-	-	1,249
Issue of equity shares	-	21,875	-	-	-	-	21,875
Share issue expenses (net of tax ₹ 197)	-	(371)	-	-	-	-	(371)
Other comprehensive income for the year (net of tax ₹ 8)	-	-	-	-	1	(5)	(4)
<b>Balance as at March 31, 2017</b>	<b>35</b>	<b>32,007</b>	<b>3,598</b>	<b>40,718</b>	<b>13</b>	<b>36</b>	<b>76,407</b>
Profit for the year	-	-	-	4,939	-	-	4,939
Dividend on equity shares (including tax)	-	-	-	(983)	-	-	(983)
Other comprehensive income for the year (net of tax ₹ 11)	-	-	-	-	1	(21)	(20)
Transfer from Reserve for equity instruments	-	-	-	14	(14)	-	-
<b>Balance as at March 31, 2018</b>	<b>35</b>	<b>32,007</b>	<b>3,598</b>	<b>44,688</b>	<b>-</b>	<b>15</b>	<b>80,343</b>
See accompanying notes forming part of the standalone financial statements							

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Hyderabad  
Date : May 29, 2018

For and on behalf of the Board of Directors

**S.Veera Reddy**  
Managing Director

**S.Sreekanth Reddy**  
Executive Director

**R.Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: May 29, 2018

**Dr.S.Anand Reddy**  
Joint Managing Director

**K.Prasad**  
Chief Financial Officer



# CASH FLOW STATEMENT

## SAGAR CEMENTS LIMITED

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

All amounts are in ₹ lakhs unless otherwise stated

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
<b>A. Cash flows from operating activities</b>				
<b>Profit after tax</b>		<b>4,939</b>		<b>1,249</b>
<i>Adjustments for</i>				
Tax expense		<b>2,670</b>		1,155
Depreciation and amortization expense		<b>3,330</b>		2,800
Finance costs		<b>2,973</b>		3,045
Interest income		<b>(1,778)</b>		(2,220)
Liabilities no longer required written back		<b>(64)</b>		-
Provision for doubtful trade receivables		<b>79</b>		33
Profit on sale of plant and equipment (net)		<b>(9)</b>		(41)
Dividend income (₹ 26,000 for the year ended March 31, 2018 and March 31, 2017)		-		-
Impairment of non-financial asset		- <b>7,201</b>		88 <b>4,860</b>
<b>Operating profit before working capital changes</b>		<b>12,140</b>		<b>6,109</b>
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Trade receivables		<b>(1,292)</b>		(66)
Inventories		<b>539</b>		(726)
Other financial assets		<b>297</b>		2,346
Other assets		<b>(1,564)</b>	<b>(2,020)</b>	(302) <b>1,252</b>
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables		<b>(558)</b>		(665)
Other financial liabilities		<b>290</b>		(25)
Provisions		<b>149</b>		(2,336)
Other liabilities		<b>1,206</b>	<b>1,087</b>	(207) <b>(3,233)</b>
<b>Cash generated from operating activities</b>		<b>11,207</b>		<b>4,128</b>
Less: Income tax paid		<b>(1,442)</b>		(549)
<b>Net Cash generated from operating activities</b>		<b>9,765</b>		<b>3,579</b>
<b>B Cash Flow from investing activities</b>				
Capital expenditure on property, plant and equipment including capital advances		<b>(18,116)</b>		(13,417)
Deposits not considered as cash and cash equivalents				
- Placed		<b>(1,483)</b>		(232)
- Matured		<b>607</b>		-
Proceeds from disposal of plant and equipment		<b>28</b>		75
Proceeds from sale of investments		<b>28</b>		-
Interest received		<b>822</b>		266
Dividend income (₹ 26,000 for the year ended March 31, 2018 and March 31, 2017)		-		-
<b>Net cash used in investing activities</b>		<b>(18,114)</b>		<b>(13,308)</b>



<b>C Cash flow from financing activities</b>		
Proceeds from issue of shares including securities premium	-	22,176
Expenses on issue of shares	-	(568)
Proceeds from non-current borrowings	2,334	10,204
Repayment of non-current borrowings	(3,240)	(5,327)
Loan given to related parties	(2,500)	(1,499)
Proceeds from unsecured loans to related parties	-	4,982
Proceeds/ (Repayments) from current borrowings (net)	3,777	(1,113)
Finance costs	(3,105)	(3,027)
Dividends paid including tax	(983)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(3,717)</b>	<b>25,828</b>
<b>Net increase in cash and cash equivalent (A + B + C)</b>	<b>(12,066)</b>	<b>16,099</b>
Cash and cash equivalent at the beginning of the year	<b>16,116</b>	17
<b>Cash and cash equivalent at the end of the year (Refer Note 10)</b>	<b>4,050</b>	<b>16,116</b>

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Hyderabad  
Date : May 29, 2018

**For and on behalf of the Board of Directors**

**S.Veera Reddy**  
Managing Director

**S.Sreekanth Reddy**  
Executive Director

**R.Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: May 29, 2018

**Dr.S.Anand Reddy**  
Joint Managing Director

**K.Prasad**  
Chief Financial Officer



**SAGAR CEMENTS LIMITED**  
**Notes to the Financial Statements**

**1. Corporate information and significant accounting policies**

**a) Corporate Information**

Sagar Cements Limited (“the Company”) was incorporated under the Companies Act, 1956 as a public limited company on January 15, 1981. The Company is engaged in the business of manufacture and sale of cement.

**b) Significant accounting policies**

**(i) Statement of compliance**

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

**(ii) Basis of preparation and presentation**

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for net realisable value in Ind AS 2 or value in use in Ind AS 36 that have some similarities to fair value but are not fair value.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**(iii) Use of estimates**

In the application of the accounting policies, which are described in Note 1(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:



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

**(iv) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc.

**Sale of goods**

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

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

**Dividend and interest income**

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**(v) Borrowing costs**

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

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

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

**(vi) Government grants**

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

**(vii) Employee benefits**

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





### **Defined Contribution Plans:**

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

### **Defined Benefit Plans:**

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

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

### **Short-term employee benefits**

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

## **(viii) Taxation**

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

### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### **Deferred tax**

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

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

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

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



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

**(ix) Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Freehold land is not depreciated.

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

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

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

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

- Railway siding - 25 years
- Plant and machinery other than continuous process plant – 25 years

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

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

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

**(x) Intangible assets acquired separately**

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



(xi) **Inventories**

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

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

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

(xii) **Cash and cash equivalents (for purposes of Cash Flow Statement)**

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

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

(xiii) **Foreign currency transactions and translations:**

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

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

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

(xiv) **Financial Instruments:**

(A) **Initial recognition:**

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

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

(B) **Subsequent measurement:**

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



- b. Financial assets at fair value through other comprehensive income:** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.
  - c. Financial assets at fair value through profit or loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.
  - d. Financial liabilities:** Financial liabilities are subsequently carried at amortized 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.
- Investment in subsidiaries:** Investment in subsidiaries is carried at cost in the separate financial statements.

**(C) De-recognition of financial assets and liabilities:**

**a. Financial assets:**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

**b. Financial liabilities:**

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

**(xv) Impairment of assets**

**a. Financial assets:**

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

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.



As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

**b. Non-financial assets:**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

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

**(xvi) Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**(xvii) Provisions**

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

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

**(xviii) 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.

**(xix) Recent accounting pronouncements**

**Standards issued but not yet effective:**

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



### Ind AS 115 – Revenue from Contracts with Customers:

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

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

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

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

### Ind AS 116 – Leases

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

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

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

All amounts are in ₹ lakhs unless otherwise stated

## 2. Property, plant and equipment

Particulars	As at March 31, 2018	As at March 31, 2017
Land - freehold	6,197	5,728
Land restoration	152	161
Buildings	11,266	11,414
Plant & machinery	28,780	22,898
Furniture and fittings	136	186
Office and other equipment	567	644
Electrical installations	1,816	1,887
Computers	33	42
Vehicles	219	175
Railway siding	6,067	6,316
<b>Total</b>	<b>55,233</b>	<b>49,451</b>

## For the year 2017-18

All amounts are in ₹ lakhs unless otherwise stated



	Description of assets	Land-freehold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
<b>I.</b>	<b>Gross block</b>											
	Opening Balance	5,728	179	16,045	38,406	707	3,555	5,246	221	735	6,684	77,506
	Additions	469	-	768	7,473	-	2	276	10	132	-	9,130
	Disposals	-	-	-	70	-	-	-	-	27	-	97
	<b>Balance as at March 31, 2018</b>	<b>6,197</b>	<b>179</b>	<b>16,813</b>	<b>45,809</b>	<b>707</b>	<b>3,557</b>	<b>5,522</b>	<b>231</b>	<b>840</b>	<b>6,684</b>	<b>86,539</b>
<b>II.</b>	<b>Accumulated depreciation and impairment</b>											
	Opening Balance	-	18	4,631	15,508	521	2,911	3,359	179	560	368	28,055
	Depreciation expense	-	9	916	1,575	50	79	347	19	85	249	3,329
	Eliminated on disposal of assets	-	-	-	54	-	-	-	-	24	-	78
	<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>27</b>	<b>5,547</b>	<b>17,029</b>	<b>571</b>	<b>2,990</b>	<b>3,706</b>	<b>198</b>	<b>621</b>	<b>617</b>	<b>31,306</b>
	<b>Net block (I-II)</b>											
	<b>Carrying value as at March 31, 2018</b>	<b>6,197</b>	<b>152</b>	<b>11,266</b>	<b>28,780</b>	<b>136</b>	<b>567</b>	<b>1,816</b>	<b>33</b>	<b>219</b>	<b>6,067</b>	<b>55,233</b>
	Carrying value as at March 31, 2017	5,728	161	11,414	22,898	186	644	1,887	42	175	6,316	49,451

## For the year 2016-17

	Description of assets	Land-freehold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
<b>I.</b>	<b>Gross block</b>											
	Opening Balance	4,158	179	13,101	35,494	688	3,516	4,938	194	795	6,427	69,490
	Additions	1,570	-	2,944	2,948	19	39	308	27	74	257	8,186
	Disposals	-	-	-	36	-	-	-	-	134	-	170
	<b>Balance as at March 31, 2017</b>	<b>5,728</b>	<b>179</b>	<b>16,045</b>	<b>38,406</b>	<b>707</b>	<b>3,555</b>	<b>5,246</b>	<b>221</b>	<b>735</b>	<b>6,684</b>	<b>77,506</b>
<b>II.</b>	<b>Accumulated depreciation and impairment</b>											
	Opening Balance	-	9	3,767	14,370	455	2,814	3,000	166	596	128	25,305
	Depreciation expense	-	9	779	1,168	66	97	356	13	70	240	2,798
	Eliminated on disposal of assets	-	-	-	30	-	-	-	-	106	-	136
	Impairment losses recognised in profit or loss	-	-	85	-	-	-	3	-	-	-	88
	<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>18</b>	<b>4,631</b>	<b>15,508</b>	<b>521</b>	<b>2,911</b>	<b>3,359</b>	<b>179</b>	<b>560</b>	<b>368</b>	<b>28,055</b>
	<b>Net block (I-II)</b>											
	<b>Carrying value as at March 31, 2017</b>	<b>5,728</b>	<b>161</b>	<b>11,414</b>	<b>22,898</b>	<b>186</b>	<b>644</b>	<b>1,887</b>	<b>42</b>	<b>175</b>	<b>6,316</b>	<b>49,451</b>
	Carrying value as at March 31, 2016	4,158	170	9,334	21,124	233	702	1,938	28	199	6,299	44,185



All amounts are in ₹ lakhs unless otherwise stated

Particulars		As at March 31, 2018	As at March 31, 2017
<b>3.</b>	<b>Intangible assets</b>		
	Computer software	15	16
	<b>Total</b>	<b>15</b>	<b>16</b>

**Computer Software:**

Particulars		As at March 31, 2018	As at March 31, 2017
<b>I.</b>	<b>Gross block</b>		
	<b>Opening Balance</b>	<b>267</b>	<b>264</b>
	Additions	-	3
	<b>Closing Balance</b>	<b>267</b>	<b>267</b>
<b>II.</b>	<b>Accumulated amortization</b>		
	<b>Opening Balance</b>	<b>251</b>	<b>249</b>
	Amortisation expense	1	2
	<b>Closing Balance</b>	<b>252</b>	<b>251</b>
	<b>Net block (I-II)</b>		
	<b>Carrying Value</b>	<b>15</b>	<b>16</b>

Note	Particulars	As at March 31, 2018		As at March 31, 2017	
		No. of shares	Amount	No. of shares	Amount
<b>4.</b>	<b>Investments (Unquoted)</b>				
	<b>Investments in subsidiary</b>				
	Sagar Cements (R) Limited				
	Equity shares (Refer Note (i) below)	<b>10,38,12,925</b>	<b>18,553</b>	10,38,12,925	18,553
	8% Cumulative redeemable preference shares (Refer Note (ii) below)	<b>4,30,00,000</b>	<b>8,042</b>	4,30,00,000	7,206
			<b>26,595</b>		<b>25,759</b>
	<b>Investments in equity instruments - others</b>				
	Panchavati Polyfibres Limited	-	-	26,000	26
	PCL Financial Services Limited	-	-	1,000	2
		-	-	-	<b>28</b>
	Aggregate amount of unquoted investments		<b>26,595</b>		<b>25,759</b>
	Aggregate amount of investment carried at fair value through other comprehensive income		-		<b>28</b>

**Notes**

- 1 (i) Includes investment of ₹ 401 (March 31, 2017: ₹ 401) on account of fair valuation of corporate guarantee given by the company on behalf of Sagar Cements (R) Limited, a wholly owned subsidiary.
- (ii) During the year 2016-17, the Company converted the outstanding loan balance of ₹ 17,200 given to its wholly-owned subsidiary, Sagar Cements (R) Limited, to 43,000,000 8% cumulative redeemable preference shares of ₹ 10 each at a premium of ₹ 30 each. At initial recognition, the preference shares are measured at fair value. The difference between the fair value at initial recognition and the transaction price is accounted as deemed capital contribution to the subsidiary company. Accordingly, ₹ 6,866 is accounted as the fair value of the preference shares and ₹ 10,334 is accounted as deemed investment on conversion of loan to preference shares at concessional rate and added to the cost of investment held in the subsidiary. As at March 31, 2018, ₹ 836 (March 31, 2017: ₹ 340) has been recognised as interest income on preference shares and added to the cost of preference shares.





All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
5.	<b>Loans (Unsecured, considered good)</b>		
	<b>Non-current</b>		
	Loans to related party (Refer Note 34)	2,500	-
	<b>Total Loans</b>	2,500	-
6.	<b>Other financial assets (Unsecured, considered good)</b>		
	<b>Non-current</b>		
	(a) Security deposits	1,281	1,589
	(b) Balance held as margin money deposit against borrowings	154	-
	<b>Total</b>	1,435	1,589
	<b>Current</b>		
	(a) Security deposits	90	95
	(b) Advances to employees	68	51
	(c) Interest accrued but not due	4,042	3,922
	<b>Total</b>	4,200	4,068
	<b>Total other financial assets</b>	5,635	5,657
7.	<b>Other assets (Unsecured, considered good)</b>		
	<b>Non-current</b>		
	(a) Capital advances	5,120	2,363
	(b) Prepaid expenses	3	3
	<b>Total</b>	5,123	2,366
	<b>Current</b>		
	(a) Advances to suppliers	578	613
	(b) Advances to related parties (Refer Note below)	3,690	2,459
	(c) Prepaid expenses	170	152
	(d) Balances with government authorities (other than income taxes)	836	486
	(e) Excise duty refund receivable	194	194
	(f) Incentives receivable from government	333	333
	<b>Total</b>	5,801	4,237
	<b>Total other assets</b>	10,924	6,603

Note: Includes ₹ 2,979 (As at March 31, 2017: ₹ 1,763) paid to subsidiary company



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>8.</b>	<b>Inventories (at lower of cost and net realisable value)</b>		
	(a) Raw materials	394	493
	(b) Coal	1,437	2,078
	(c) Work-in-progress	3,314	1,580
	(d) Stores and spares	1,201	1,266
	(e) Packing materials	237	209
	(f) Finished goods	154	238
	<b>Total (A)</b>	<b>6,737</b>	<b>5,864</b>
	<b>Goods-in-transit:</b>		
	(a) Raw materials	4	5
	(b) Coal	1	1,396
	(c) Packing materials	15	31
	<b>Total (B)</b>	<b>20</b>	<b>1,432</b>
	<b>Total inventories (A + B)</b>	<b>6,757</b>	<b>7,296</b>
<b>9.</b>	<b>Trade receivables</b>		
	Secured, considered good	751	1,157
	Unsecured, considered good	5,096	3,477
	Unsecured, doubtful	148	69
	<b>Sub-total</b>	<b>5,995</b>	<b>4,703</b>
	Less: Provision for doubtful trade receivables	(148)	(69)
	<b>Total trade receivables</b>	<b>5,847</b>	<b>4,634</b>
	The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix. The ageing of the receivables is as follows:		
	Particulars	As at March 31, 2018	As at March 31, 2017
	Within the credit period	4,185	3,019
	1-30 days past due	431	597
	31-60 days past due	294	205
	61-90 days past due	117	416
	91-180 days past due	119	228
	More than 180 days past due	849	238
	<b>Total</b>	<b>5,995</b>	<b>4,703</b>
	<b>Movement in expected credit loss allowance</b>		
	<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
	Balance at the beginning of the year	69	36
	Movement in expected credit loss allowance on trade receivables	79	33
	<b>Balance at the end of the year</b>	<b>148</b>	<b>69</b>



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>10.</b>	<b>Cash and cash equivalents</b>		
	(a) Cash in hand	2	2
	(b) Balances with banks	48	3,569
	(c) Deposits with banks	4,000	12,500
	(d) Cheques on hand	-	45
	<b>Total cash and cash equivalents</b>	<b>4,050</b>	<b>16,116</b>
<b>11.</b>	<b>Other bank balances</b>		
	(a) Unpaid dividend account	64	58
	(b) Deposits held as margin money/security for bank guarantees	1,533	811
	<b>Total other bank balances</b>	<b>1,597</b>	<b>869</b>

Note	Particulars	As at March 31, 2018		As at March 31, 2017	
		No. of shares	Amount	No. of shares	Amount
<b>12.</b>	<b>Equity share capital</b>				
	<b>Authorised:</b>				
	Equity shares of ₹ 10 each	2,20,00,000	2,200	2,20,00,000	2,200
	<b>Issued, subscribed and fully paid:</b>				
	Equity shares ₹ 10 each	2,04,00,000	2,040	2,04,00,000	2,040
	<b>(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:</b>				
	Opening balance	2,04,00,000	2,040	1,73,88,014	1,739
	Shares issued (Refer Note (d) below)	-	-	30,11,986	301
	<b>Closing balance</b>	<b>2,04,00,000</b>	<b>2,040</b>	<b>2,04,00,000</b>	<b>2,040</b>
	<b>(b) Rights, preferences and restrictions attached to the equity shares:</b>				
	The Company has only one class of equity shares having a par value of ₹ 10 each 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.				
	<b>(c) Details of shareholders holding more than 5% shares in the Company:</b>				
	Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
		No. of shares	% of holding	No. of shares	% of holding
	S. Veera Reddy	16,43,795	8.06%	16,43,795	8.06%
	S. Aruna	13,69,545	6.71%	13,69,545	6.71%
	Rachana Sammidi	11,64,280	5.71%	11,64,280	5.71%
	Dr. S. Anand Reddy	13,03,524	6.39%	13,04,776	6.40%
	S. Sreekanth Reddy	12,38,753	6.07%	12,38,753	6.07%
	S. Vanajatha	9,90,769	4.86%	9,90,769	4.86%
	HDFC Trustee Company Limited - Prudence Fund	14,16,000	6.94%	9,20,000	4.51%
	AVH Resources India Private Limited	35,83,704	17.57%	35,83,704	17.57%



All amounts are in ₹ lakhs unless otherwise stated

- (d) (i) During the year 2016-17, the Company made a preferential allotment of 611,986 equity shares of ₹ 10 each at a premium of ₹ 790 per share aggregating ₹ 4,896 (including securities premium of ₹ 4,835) to the promoter and non-promoter group. (Refer Note 39)
- (ii) During the year 2016-17, the Company raised a sum of ₹ 17,280 (including securities premium of ₹ 17,040) by allotment of 2,400,000 equity shares of ₹ 10 each at a premium of ₹ 710 per share through Qualified Institutions Placement. (Refer Note 39)

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>13.</b>	<b>Other equity</b>		
	Capital reserve	35	35
	Securities premium account	32,007	32,007
	General reserve	3,598	3,598
	Retained earnings	44,688	40,718
	Reserve for equity instrument	-	13
	Other items of other comprehensive income	15	36
	<b>Total other equity</b>	<b>80,343</b>	<b>76,407</b>
	<b>Movement in other equity is as follows:</b>		
	<b>Capital reserve</b>	<b>35</b>	<b>35</b>
	<b>Securities premium account</b>		
	(i) Opening balance	32,007	10,503
	(ii) Proceeds from issue of shares	-	21,875
	(iii) Share issue expenses	-	(568)
	(iv) Income tax relating to issue of shares	-	197
		32,007	32,007
	<b>General reserve</b>	<b>3,598</b>	<b>3,598</b>
	<b>Retained earnings</b>		
	(i) Opening balance	40,718	39,469
	(ii) Profit for the year	4,939	1,249
	(iii) Transfer from Reserve for equity instruments	14	-
		45,671	40,718
	Less: Appropriations		
	(i) Dividend on equity shares	817	-
	(ii) Tax on dividend	166	-
		44,688	40,718
	<b>Reserve for equity instruments</b>		
	(i) Opening balance	13	12
	(ii) Fair valuation of unquoted equity instruments	-	1
	(iii) Gain on sale of investments in unquoted equity instruments	1	-
	(iv) Transfer to Retained earnings	(14)	-
		-	13
	<b>Other items of other comprehensive income</b>		
	(i) Opening balance	36	41
	(ii) Other comprehensive income for the year	(21)	(5)
		15	36
	<b>Total</b>	<b>80,343</b>	<b>76,407</b>



All amounts are in ₹ lakhs unless otherwise stated

#### Nature of reserves

- (a) **Capital reserve**  
This represents subsidies received from the government.
- (b) **Securities premium account**  
Amounts received on issue of shares in excess of the par value has been classified as securities premium.
- (c) **General reserve**  
This represents appropriation of profit by the company.
- (d) **Retained earnings**  
Retained earnings comprises of prior years undistributed earnings after taxes.
- (e) **Reserve for equity instruments**  
This represents fair valuation of equity instruments which is routed through other comprehensive income.
- (f) **Other items of other comprehensive income**  
Other items of other comprehensive income consist of fair value on fair value through other comprehensive income financial assets and financial liabilities and re-measurement of net defined benefit liability/ asset.

Note	Particulars	As at March 31, 2018	As at March 31, 2017
14.	<b>Non current borrowings* (Secured, at amortised cost)</b>		
	Term loans from banks	13,783	14,829
	<b>Total non current borrowings</b>	<b>13,783</b>	<b>14,829</b>

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

#### Notes:

##### As at March 31, 2018

Bank	Loan outstanding	Terms of repayment	Rate of interest
ICICI Bank Limited (Refer Note 1 below)	5,233	19 quarterly instalments	9.00%
Yes Bank Limited (Refer Note 3 below)	3,448	25 quarterly instalments	10.65%
Yes Bank Limited (Refer Note 2 below)	2,500	60 monthly instalments	9.95%
Yes Bank Limited (Refer Note 3 below)	400	16 quarterly instalments	9.95%
Yes Bank Limited (Refer Note 3 below)	499	28 quarterly instalments	9.95%
State Bank of India (Refer Note 4 below)	3,999	32 quarterly instalments	9.50%
Vehicle loans from various banks (Refer Note 5 below)	491	4 - 32 monthly instalments	9.00% to 12.50%
Less: Current maturities of non-current borrowings	(2,787)		
<b>Total</b>	<b>13,783</b>		

##### As at March 31, 2017

Bank	Loan outstanding	Terms of repayment	Rate of interest
State Bank of India (Refer Note 1 below)	1,016	18 monthly instalments	12.15%
ICICI Bank Limited (Refer Note 1 below)	6,238	23 quarterly instalments	11.80%
Yes Bank Limited (Refer Note 3 below)	4,000	28 quarterly instalments	12.20%
Yes Bank Limited (Refer Note 2 below)	3,000	72 monthly instalments	9.50%
State Bank of India (Refer Note 4 below)	3,150	32 quarterly instalments	11.40%
Vehicle loans from various banks (Refer Note 5 below)	72	10 - 30 monthly instalments	9.00% to 12.50%
Less: Current maturities of non-current borrowings	(2,647)		
<b>Total</b>	<b>14,829</b>		



All amounts are in ₹ lakhs unless otherwise stated

1. The term loan from the bank is secured by pari-passu charge on the property, plant & equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the Company and are guaranteed by S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and S. Sreekanth Reddy, Executive Director.
2. The term loan was secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant and 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, Joint Managing Director and S. Sreekanth Reddy, Executive Director.
3. The term loan from the bank is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram near Vishakhapatnam, Andhra Pradesh both present and future and second pari-passu charge on current assets of the Company, both present and future and is guaranteed by Dr. S. Anand Reddy - Joint Managing Director and S. Sreekanth Reddy - Executive Director.
4. The term loan from the bank is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by S.Veera Reddy - Managing Director, Dr. S. Anand Reddy - Joint Managing Director and S. Sreekanth Reddy - Executive Director.
5. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

<b>Current borrowings (Secured, amortised at cost)</b>		
Cash credit facilities	<b>9,577</b>	5,800
<b>Total current borrowings</b>	<b>9,577</b>	<b>5,800</b>

**Note:** The Company has availed cash credit facilities from Banks. This facility is secured against stocks of raw materials, finished goods, trade receivables, stores and spares, present and future, and by second charges on property, plant and equipment of the Company and are guaranteed by S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and S. Sreekanth Reddy, Executive Director. The loans are repayable on demand and carries interest @ 7.65% p.a. to 13.20% p.a. (2016-17: 12.5% p.a to 13.25% p.a)

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>15.</b>	<b>Other financial liabilities</b>		
	<b>Non-current</b>		
	(a) Security deposits received	<b>4,270</b>	3,979
	(b) Guarantee obligation	<b>221</b>	301
	<b>Total</b>	<b>4,491</b>	<b>4,280</b>
	<b>Current</b>		
	(a) Current maturities of non-current borrowings	<b>2,787</b>	2,647
	(b) Interest accrued but not due on borrowings	<b>98</b>	63
	(c) Unpaid dividends	<b>64</b>	58
	(d) Payables on purchase of property, plant and equipment	<b>895</b>	172
	<b>Total</b>	<b>3,844</b>	<b>2,940</b>
	<b>Total other financial liabilities</b>	<b>8,335</b>	<b>7,220</b>



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>16.</b>	<b>Provisions</b>		
	(a) Gratuity (Refer Note 32)	302	199
	(b) Compensated absences (Refer Note 32)	226	156
	<b>Total provisions</b>	<b>528</b>	<b>355</b>
	<b>Non-current</b>		
	(a) Gratuity	167	199
	(b) Compensated absences	161	-
	<b>Total</b>	<b>328</b>	<b>199</b>
	<b>Current</b>		
	(a) Gratuity	135	-
	(b) Compensated absences	65	156
	<b>Total</b>	<b>200</b>	<b>156</b>
<b>17.</b>	<b>Trade payables</b>		
	(a) Due to micro, small and medium enterprises (Refer Note 29)	3	5
	(b) Due to others	7,838	8,415
	<b>Total trade payables</b>	<b>7,841</b>	<b>8,420</b>
<b>18.</b>	<b>Other liabilities</b>		
	<b>Non-current</b>		
	Liability for land restoration	179	178
	<b>Total</b>	<b>179</b>	<b>178</b>
	<b>Current</b>		
	(a) Advance from customers	2,730	2,185
	(b) Statutory remittances	1,812	1,195
	<b>Total</b>	<b>4,542</b>	<b>3,380</b>
	<b>Total other liabilities</b>	<b>4,721</b>	<b>3,558</b>



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>19.</b>	<b>Revenue from operations</b>		
(a)	Revenue from sale of goods (Refer Note 41)	<b>77,083</b>	61,609
(b)	Other operating income		
-	Income from trademark and staffing charges to subsidiary	<b>360</b>	360
-	Sale of scrap	<b>142</b>	30
-	Insurance claims	<b>-</b>	1
-	Others	<b>16</b>	-
	<b>Total revenue from operations</b>	<b>77,601</b>	<b>62,000</b>
<b>20.</b>	<b>Other income</b>		
(a)	Interest Income on financial assets at amortized cost	<b>1,778</b>	2,220
(b)	Profit on sale of plant & equipment	<b>9</b>	41
(c)	Liabilities no longer required written back	<b>64</b>	-
(d)	Others	<b>9</b>	51
	<b>Total other income</b>	<b>1,860</b>	<b>2,312</b>
<b>21.</b>	<b>Cost of materials consumed</b>		
	Opening stock	<b>493</b>	309
	Add: Purchases	<b>10,614</b>	7,398
	Less: Closing stock	<b>394</b>	493
	<b>Total cost of materials consumed</b>	<b>10,713</b>	<b>7,214</b>
	<b>Details of materials consumed:</b>		
	Limestone	<b>4,176</b>	3,270
	Laterite	<b>1,844</b>	865
	Iron-ore sludge	<b>535</b>	679
	Gypsum	<b>1,166</b>	1,116
	Fly ash	<b>1,235</b>	1,093
	Slag and others	<b>1,757</b>	191
	<b>Total</b>	<b>10,713</b>	<b>7,214</b>
<b>22.</b>	<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
	<b>Inventories at the beginning of the year:</b>		
	Finished goods	<b>238</b>	654
	Work-in-progress	<b>1,580</b>	1,461
		<b>1,818</b>	<b>2,115</b>
	<b>Inventories at the end of the year:</b>		
	Finished goods	<b>154</b>	238
	Work-in-progress	<b>3,314</b>	1,580
		<b>3,468</b>	<b>1,818</b>
	<b>Net (increase)/ decrease</b>	<b>(1,650)</b>	<b>297</b>





All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>23.</b>	<b>Employee benefit expenses</b>		
	(a) Salaries and wages, including bonus	3,864	3,130
	(b) Contribution to provident and other funds	314	238
	(c) Staff welfare expenses	316	267
	<b>Total employee benefit expenses</b>	<b>4,494</b>	<b>3,635</b>
<b>24.</b>	<b>Finance cost</b>		
	(a) Interest expense	2,551	2,531
	Less: Amounts included in the cost of qualifying assets	(87)	(177)
	(b) Other borrowing cost	509	691
	<b>Total finance cost</b>	<b>2,973</b>	<b>3,045</b>
<b>25.</b>	<b>Depreciation and amortization expense</b>		
	(a) Depreciation of property, plant and equipment	3,329	2,798
	(b) Amortization of intangible assets	1	2
	<b>Total depreciation and amortization</b>	<b>3,330</b>	<b>2,800</b>
<b>26.</b>	<b>Other expenses</b>		
	Coal consumed	14,189	10,449
	Power	8,498	7,140
	Packing materials consumed	3,232	2,641
	Stores and spares consumed	1,676	1,497
	Repairs and maintenance		
	Plant & equipment	751	1,153
	Buildings	15	30
	Others	488	333
	Freight and forwarding expenses	15,121	10,091
	Selling expenses	2,152	1,541
	Provision for doubtful trade receivables	79	33
	Rent	176	174
	Insurance	149	103
	Rates and taxes	164	320
	Expenditure on corporate social responsibility	95	47
	Payment to auditors (Refer Note (i) below)	26	45
	Impairment of non - financial assets	-	88
	Travelling and conveyance	244	217
	Security services	119	103
	Donations and contributions	41	54
	Legal and other professional charges	224	232
	Administrative expenses	182	204
	Printing and stationery	38	19
	Communication	66	62
	Net Loss on foreign currency transactions and translation	1	1
	Directors sitting fees	11	18



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Miscellaneous expenses	25	30
	Decrease of excise duty on inventory (Refer Note (ii) below)	(18)	(37)
	Captive consumption of cement	(280)	(95)
	<b>Total other expenses</b>	<b>47,464</b>	<b>36,493</b>
	<b>Note(i):</b>		
	<b>Payment to Auditors (net of service tax) comprises:</b>		
	For audit	18	18
	For limited review	6	6
	For other services	1	19
	Reimbursement of expenses	1	2
	<b>Total</b>	<b>26</b>	<b>45</b>
	<b>Note(ii):</b>		
	Consequent to implementation of Goods and Services tax effective from July 01, 2017, excise duty on opening stock of finished goods as at April 01, 2017 has been reversed.		
27.	<b>Income tax expense</b>		
	<b>(a) Income tax recognized in the statement of profit &amp; loss</b>		
	<b>Current tax:</b>		
	In respect of current year	1,641	510
	In respect of prior years	-	(41)
		<b>1,641</b>	<b>469</b>
	<b>Deferred tax</b>		
	In respect of current year origination and reversal of temporary differences	1,789	686
	MAT Credit	(760)	-
		<b>1,029</b>	<b>686</b>
	<b>Total tax expense</b>	<b>2,670</b>	<b>1,155</b>
	<b>(b) Reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:</b>		
	Profit before tax	7,609	2,404
	Indian Statutory Income Tax Rate	34.94%	34.61%
	Expected income tax expense	2,659	832
	Tax effect of expenses that are not deductible in determining taxable profit	11	364
	Tax effect on prior year expenses	-	(41)
	<b>Total Income Tax Expense</b>	<b>2,670</b>	<b>1,155</b>



All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Reversed through other comprehensive income	Recognized directly in equity	Credit utilised	Reclassified from equity to the statement of profit and loss	Closing balance
Property, plant and equipment and intangible assets	5,626	1,814	-	-	-	-	7,440
Provision for employee benefits	(174)	(10)	11	-	-	-	(173)
Provision for doubtful trade receivables	(22)	(28)	-	-	-	-	(50)
MAT credit entitlement	(2,230)	(760)	-	-	-	-	(2,990)
Others	(197)	-	-	-	-	-	(197)
<b>Total Deferred tax liability (Net)</b>	<b>3,003</b>	<b>1,016</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,030</b>

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

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Reversed through other comprehensive income	Recognized directly in equity	Credit utilised	Reclassified from equity to the statement of profit and loss	Closing balance
Property, plant and equipment and intangible assets	5,284	342	-	-	-	-	5,626
Provision for employee benefits	(154)	(23)	3	-	-	-	(174)
Provision for doubtful trade receivables	-	(22)	-	-	-	-	(22)
MAT credit entitlement	(2,452)	-	-	-	222	-	(2,230)
Others	(389)	-	-	(197)	-	389	(197)
<b>Total Deferred tax liability (Net)</b>	<b>2,289</b>	<b>297</b>	<b>3</b>	<b>(197)</b>	<b>222</b>	<b>389</b>	<b>3,003</b>

**(d) Current tax assets and liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017
Advance income tax	71	100
Current tax liabilities	(232)	(62)
<b>Net current tax assets/(liabilities)</b>	<b>(161)</b>	<b>38</b>



All amounts are in ₹ lakhs unless otherwise stated

## 28. Contingent liabilities, corporate guarantees and capital commitments

### a) Contingent Liabilities:

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

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

Particulars	As at March 31, 2018	As at March 31, 2017
Direct tax matters	1,190	1,199
Indirect tax matters (Refer Note (ii) below)	1,850	1,896
Others	428	428

ii) The Finance Minister of Government of India has announced in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from 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 ₹ 834 (As at March 31, 2017: ₹ 834) from July 2010 to March 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 ₹ 823 was reversed, but under protest. The balance of ₹ 11 pertains to the penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the Company.

### b) Corporate Guarantees:

The Company furnished a corporate guarantee of ₹ 15,000 to IDBI Trusteeship Services Limited to secure the 1,500 Non-Convertible Debentures (₹ 10 lakhs each) aggregating to ₹ 15,000 (2016-17: ₹ 15,000) issued by its wholly-owned subsidiary, Sagar Cements (R) Limited, to International Finance Corporation and a further guarantee to secure the credit facilities aggregating ₹ 6,000 (2016-17: ₹ 14,900) availed by the said subsidiary from its lenders.

### c) Capital Commitments:

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	10,628	6,448

## 29. 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 are as follows:



All amounts are in ₹ lakhs unless otherwise stated

Particulars	As at March 31, 2018	As at March 31, 2017
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	3	5
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 year (where the principal has been paid but interest under the Act not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

### 30. Financial Instruments:

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

#### 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 14 and 15 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:

Description	As at March 31, 2018	As at March 31, 2017
Debt (Refer Note below)	26,245	23,339
Cash and bank balances	5,647	16,985
Net debt	20,598	6,354
Total equity	82,383	78,447
Net debt to equity ratio	0.250	0.081

**Note:** Debt is defined as current and non-current borrowings as described in Notes 14 and 15.



All amounts are in ₹ lakhs unless otherwise stated

## B. Financial Assets and Liabilities

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

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Financial Assets</b>		
<b>Measured at amortised cost</b>		
(i) Investments	26,595	25,759
(ii) Loans	2,500	-
(iii) Trade receivables	5,847	4,634
(iv) Cash and cash equivalents	4,050	16,116
(v) Other bank balances	1,597	869
(vi) Other financial assets	5,635	5,657
<b>Sub total</b>	<b>46,224</b>	<b>53,035</b>
<b>Measured at FVTOCI</b>		
(i) Investments	-	28
<b>Sub total</b>	<b>-</b>	<b>28</b>
<b>Total Financial assets</b>	<b>46,224</b>	<b>53,063</b>
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Financial Liabilities</b>		
<b>Measured at amortised cost</b>		
(i) Borrowings	26,147	23,276
(ii) Trade payables	7,841	8,420
(iii) Other financial liabilities	5,548	4,573
<b>Total Financial liabilities</b>	<b>39,536</b>	<b>36,269</b>

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

## C. Fair value hierarchy

Valuation technique and key inputs

Level 1 - Quoted prices (unadjusted) in an active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy for financial instruments:

### Fair value measurement at the end of year using level 3

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>		
Investment in unquoted equity shares (Refer Note 4)	-	28

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

The fair values of the unquoted equity shares had been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, earnings growth, discount rate, and probabilities of the various estimates within the range used in management's estimate of fair value for these unquoted equity investments. During the current year, the Company sold the above unquoted equity shares.



All amounts are in ₹ lakhs unless otherwise stated

**Valuation inputs and relationships to fair value:**

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements, being investments in unquoted equity shares:

Fair value		Significant unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
as at March 31, 2018	as at March 31, 2017			
-	28	Earnings growth rate	Earnings growth factor for unlisted equity shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	Any increase in the earnings growth rate would result in an increase in fair value.
		Discount rate	Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects the current market assessments of the time value of money and risk specific to that asset.	Any increase in the discount rate would result in a decrease in the fair value.

**D. Financial risk management objectives:**

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

**i) Market risk:**

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

**Interest rate risk management:**

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

**Interest rate sensitivity analysis**

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company’s Profit for the year ended March 31, 2018 would decrease/increase by ₹ 131 (for the year ended March 31, 2017: decrease/increase by ₹ 116). 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



All amounts are in ₹ lakhs unless otherwise stated

of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks by the Company on behalf of its subsidiary. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on (Refer Note 28).

**E. Liquidity risk management:**

**Financing facilities:**

Description	As at March 31, 2018	As at March 31, 2017
Secured bills acceptance facility, reviewed annually		
- amount used	1,262	1,378
- amount unused	938	1,822
<b>Total</b>	<b>2,200</b>	<b>3,200</b>
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	9,577	5,800
- amount unused	2,623	3,900
<b>Total</b>	<b>12,200</b>	<b>9,700</b>
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	16,570	17,476
- amount unused	4,002	869
<b>Total</b>	<b>20,572</b>	<b>18,345</b>

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

**31. Disclosure as per Regulation 34(3) of the SEBI (Listing obligation and disclosure requirements) Regulations, 2015**

The details of loans and advances to subsidiary are given below:-

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





All amounts are in ₹ lakhs unless otherwise stated

### 32. 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 ₹ 196 (2016-17: ₹ 156).

##### Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administered by Life Insurance Corporation of India. The 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 ₹ 34 (2016-17: ₹ 48).

##### Employee State Insurance

The Company makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated ₹ 10 (2016-17: ₹ 10).

#### (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 Defined Benefit Plan - as per actuarial valuation as at March 31, 2018 and March 31, 2017:

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Mortality table (LIC)	<b>IALM 2006-08 (Mod.) (ultimate)</b>	IALM 2006-08 (ultimate)
b) Discounting rate (p.a.)	<b>8%</b>	7.90%
c) Expected rate of return on plan asset	<b>7.65% / 8.05%</b>	8.25%
d) Expected average remaining working lives of employees	<b>16.05 years</b>	16.08 years
e) Rate of escalation in salary	<b>5%</b>	5%
f) Attrition rate	<b>4%</b>	4%



All amounts are in ₹ lakhs unless otherwise stated

b) **Components of defined benefit costs recognized in profit and loss and other comprehensive income:**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:</b>		
Current service cost	71	45
Interest expense	48	47
Acquisition adjustment/ New policy/ Premium adjustment	-	1
Expected return on plan assets	(35)	(33)
<b>Defined benefit cost included in profit and loss</b>	<b>84</b>	<b>60</b>
<b>Re-measurement effects recognized in Other Comprehensive Income (OCI)</b>		
Actuarial losses	32	8
<b>Components of defined benefit costs recognized in OCI</b>	<b>32</b>	<b>8</b>

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

Description	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of funded defined benefit obligations	765	655
Fair value of plan assets	(463)	(456)
Net liability arising from defined benefit obligation	302	199

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

Description	For the year ended March 31, 2018	For the year ended March 31, 2017
Defined benefit obligation at the beginning of the year	655	606
Current service cost	71	45
Interest cost	48	47
Re-measurements - Actuarial losses	29	8
Benefits paid	(38)	(51)
<b>Defined benefit obligation at the year end</b>	<b>765</b>	<b>655</b>

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

Description	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of the plan assets	456	435
Expected return on plan assets	35	33
Contributions from the employer	11	40
Benefits paid	(38)	(51)
Re-measurement – Actuarial losses	(3)	-
Other adjustments	2	(1)
<b>Fair value of plan asset at the year end</b>	<b>463</b>	<b>456</b>



All amounts are in ₹ lakhs unless otherwise stated

**f) Sensitivity Analysis:**

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

Description	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	(694)	772	(582)	687
Effect of 1% change in assumed salary rate	775	(690)	663	(596)
Effect of 1% change in assumed attrition rate	738	(723)	(582)	687

**Compensated absences:**

The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at the 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:

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

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

33. The Company is exclusively engaged in the business of cement and cement related products. As per Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013, there are no reportable business and geographical segment applicable to the Company.



All amounts are in ₹ lakhs unless otherwise stated

### 34. Related Party Disclosure:

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

Name	Relationship
Sagar Cements (R) Limited	Subsidiary Company

#### Key managerial personnel (KMP):

Name	Relationship
Swaminatha Reddy Onteddu	Chairman of the Board of Directors
S. Veera Reddy	Managing Director (MD)
Dr. S. Anand Reddy	Joint Managing Director (JMD)
S.Sreekanth Reddy	Executive Director (ED)
Kolappa Thanu Pillai	Director
T.Nagesh Reddy	Nominee Director
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Fernand Pascal Cesar Bertrand	Director
K.Prasad	Chief Financial Officer (CFO)
R.Soundararajan	Company Secretary (CS)

#### Relatives of KMP:

Name	Relationship
S. Vanajatha	Wife of Shri S. Veera Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
RV Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence

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

Nature of Transaction	Party Name	Year Ended	Year Ended
		March 31, 2018	March 31, 2017
Purchase of raw materials	Panchavati Polyfibres Limited	3,642	3,003
Purchase of power	Sagar Cements (R) Limited	3,793	1,749
Purchase of scrap	Sagar Cements (R) Limited	8	-
Sale of scrap	Sagar Cements (R) Limited	10	10
Rent expenses paid	Dr. S. Anand Reddy	29	29
	S. Sreekanth Reddy	28	28
	S. Vanajatha	28	28
	<b>Total</b>	<b>85</b>	<b>85</b>
Services rendered	Sagar Cements (R) Limited – Trademark and staffing charges	360	360
Services received	Sagarsoft (India) Limited – Staffing resource	26	33
	RV Consulting Services Private Limited – Consultancy for capital items	2,121	890
	<b>Total</b>	<b>2,147</b>	<b>923</b>



All amounts are in ₹ lakhs unless otherwise stated

Nature of Transaction	Party Name	Year Ended March 31, 2018	Year Ended March 31, 2017
Reimbursement of expenses received	Sagarsoft (India) Limited	12	6
	RV Consulting Services Private Limited	9	6
	Sagar Power Limited	10	6
	<b>Total</b>	<b>31</b>	<b>18</b>
Dividend income	Panchavati Polyfibres Limited (₹ 26,000 for the current year and previous year)	-	-
Interest earned on loan, corporate guarantee and cumulative redeemable preference shares	Sagar Cements (R) Limited	1,181	2,005
Loans and advances given	Sagar Cements (R) Limited – Loan	2,500	-
	Sagar Cements (R) Limited – Advance	5,355	5,329
	<b>Total</b>	<b>7,855</b>	<b>5,329</b>
Repayment received against loans and advances given	Sagar Cements (R) Limited	-	6,799
Conversion of loan to 8% cumulative redeemable preference shares	Sagar Cements (R) Limited (Refer Note 4)	-	17,200

**Compensation to key managerial personnel is as follows:**

Nature of Transaction	Party name	For the year ended	
		March 31, 2018	March 31, 2017
Short-term benefits	MD, JMD, ED, CS and CFO	699	403
Other benefits	Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	11	67

**Outstanding balances:**

Nature of the balance	Party Name	As at	
		March 31, 2018	March 31, 2017
Loan given	Sagar Cements (R) Limited	2,500	-
Advances given	Sagar Cements (R) Limited	2,979	1,763
	Sagar Power Limited	707	696
	RV Consulting Services Private Limited	4	-
	<b>Total</b>	<b>3,690</b>	<b>2,459</b>
Interest accrued but not due	Sagar Cements (R) Limited	3,852	3,614
Trade payables	Sagarsoft (India) Limited	-	2
	Panchavati Polyfibres Limited	391	111
	<b>Total</b>	<b>391</b>	<b>113</b>
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	-	32
Rent payable	Dr. S. Anand Reddy	2	2
	S. Sreekanth Reddy	2	2
	S. Vanajatha	2	2
	<b>Total</b>	<b>6</b>	<b>6</b>
Corporate guarantee	Sagar Cements (R) Limited (Refer Note 28)	21,000	29,900
8% Cumulative redeemable preference shares	Sagar Cements (R) Limited	8,042	7,206



All amounts are in ₹ lakhs unless otherwise stated

### 35. Operating Lease

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease expense recognized in the Statement of Profit and Loss aggregate ₹ 176 (2016-17 ₹ 174)

### 36. Earnings per share

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit after tax (₹ in lakhs)	4,939	1,249
Weighted average number of equity shares outstanding	20,400,000	17,891,681
Earnings per share:		
Basic and Diluted (in ₹)	24.21	6.98

### 37. Corporate Social Responsibility (CSR) activities:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. A company meeting the applicability threshold of this section needs to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities have been covered under Schedule VII to the Companies Act, 2013. The Company has spent an amount of ₹ 95 (Previous year ₹ 47) towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under Other Expense.

38. The Company has certain mining leases granted by the Government for limestone mining in Pedaveedu Village, Mattampally up to August 17, 2024.

39. During the year 2016-17, the Company raised amounts of ₹ 4,896 and ₹ 17,280 through preferential issue of equity shares and Qualified Institutional Placement (QIP) issue respectively. The objective of raising funds through preferential and QIP issue was to meet the capital expenditure requirements for expansion of the grinding unit in Bayyavaram to 1.5 million MT and to setting up a coal based captive power unit of 18 MW capacity at its plant in Matampally, Nalgonda District, for other general corporate purposes and any other purposes as may be permissible under applicable law. A part of the amount was used for the purpose for which it was raised and the balance amount is invested in fixed deposits pending utilization, as at March 31, 2018 and March 31, 2017.

### 40. Dividends

The Board of Directors declared and paid an interim dividend of ₹ 2.50 per equity share (25%) on 2,04,00,000 equity shares of face value of ₹ 10 each during the year. Further, a final dividend of ₹ 1.50 (2016-17: ₹ 1.50) per equity share (15%) for the year 2017-18 on May 29, 2018 has been recommended by the Board of Directors, subject to the approval of shareholders at the Annual General Meeting. The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company.

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

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

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

#### For and on behalf of the Board of Directors

**S.Veera Reddy**  
Managing Director

**Dr.S.Anand Reddy**  
Joint Managing Director

**S.Sreekanth Reddy**  
Executive Director

**K.Prasad**  
Chief Financial Officer

**R.Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: May 29, 2018



## INDEPENDENT AUDITORS' REPORT

### To The Members of Sagar Cements Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Sagar Cements Limited** (hereinafter referred to as "the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates and Joint ventures in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

#### Opinion

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



### Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Company, subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's/subsidiary company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)

Hyderabad, May 29, 2018





## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **Sagar Cements Limited** (hereinafter referred to as “Company”) and its subsidiary company, which is incorporated in India, as of that date.

#### Management’s Responsibility for Internal Financial Controls

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

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting, 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 consolidated Ind AS financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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, Company and its subsidiary company, which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note.

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

**Ganesh Balakrishnan**  
Partner

(Membership No. 201193)

Hyderabad, May 29, 2018



# CONSOLIDATED BALANCE SHEET

## SAGAR CEMENTS LIMITED

Consolidated Balance Sheet as on March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	2	98,500	93,125
(b) Capital work-in-progress		12,538	5,534
(c) Goodwill		3,873	3,873
(d) Intangible assets	3	2,882	3,057
(e) Financial assets			
(i) Investments	4	-	28
(ii) Other financial assets	5	1,584	1,924
(f) Advance income tax	26	71	100
(g) Deferred tax assets	26	3,188	2,463
(h) Other non-current assets	6	5,260	2,436
<b>Total Non-current assets (1)</b>		<b>1,27,896</b>	<b>1,12,540</b>
<b>Current assets</b>			
(a) Inventories	7	9,491	11,035
(b) Financial assets			
(i) Trade receivables	8	9,258	8,083
(ii) Cash and cash equivalents	9	4,100	16,178
(iii) Bank balances other than (ii) above	10	1,710	869
(iv) Other financial assets	5	382	693
(c) Other current assets	6	4,223	3,922
<b>Total Current assets (2)</b>		<b>29,164</b>	<b>40,780</b>
<b>Total Assets (1 + 2)</b>		<b>1,57,060</b>	<b>1,53,320</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	11	2,040	2,040
(b) Other equity	12	75,880	74,256
<b>Total Equity (1)</b>		<b>77,920</b>	<b>76,296</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	32,972	34,967
(ii) Other financial liabilities	14	5,065	4,587
(b) Provisions	15	394	236
(c) Deferred tax liabilities (Net)	26	4,030	3,003
(d) Other non-current liabilities	17	229	229
<b>Total Non-current liabilities (2)</b>		<b>42,690</b>	<b>43,022</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	11,526	9,561
(ii) Trade payables	16	13,680	14,777
(iii) Other financial liabilities	14	5,077	5,079
(b) Provisions	15	228	208
(c) Current tax liabilities (Net)	26	232	62
(d) Other current liabilities	17	5,707	4,315
<b>Total Current liabilities (3)</b>		<b>36,450</b>	<b>34,002</b>
<b>Total Liabilities (4 = 2 + 3)</b>		<b>79,140</b>	<b>77,024</b>
<b>Total Equity and Liabilities (1 + 4)</b>		<b>1,57,060</b>	<b>1,53,320</b>
<b>Corporate information and significant accounting policies</b>	1		

See accompanying notes forming part of the consolidated financial statements

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

**Ganesh Balakrishnan**  
Partner

Place : Hyderabad, Date : May 29, 2018

For and on behalf of the Board of Directors

**S.Veera Reddy**  
Managing Director

**K.Prasad**  
Chief Financial Officer

Place: Hyderabad, Date: May 29, 2018

**Dr.S.Anand Reddy**  
Joint Managing Director

**R.Soundararajan**  
Company Secretary

**S.Sreekanth Reddy**  
Executive Director



## SAGAR CEMENTS LIMITED

### Consolidated Statement of Profit and Loss for the year ended March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

Particulars		Note	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I</b>	Revenue from operations	18	1,07,772	94,159
<b>II</b>	Other income	19	730	352
<b>III</b>	<b>Total Income (I + II)</b>		1,08,502	94,511
<b>IV</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	20	14,194	10,310
	(b) Purchase of stock-in-trade		1,726	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(1,409)	135
	(d) Excise duty	39	3,963	12,775
	(e) Employee benefit expenses	22	5,129	4,311
	(f) Finance costs	23	5,929	6,208
	(g) Depreciation and amortisation expense	24	5,362	4,759
	(h) Other expenses	25	69,041	55,591
	<b>Total Expenses</b>		1,03,935	94,089
<b>V</b>	<b>Profit before tax (III - IV)</b>		4,567	422
<b>VI</b>	<b>Tax expense</b>			
	(a) Current tax	26	1,641	469
	(b) Deferred tax	26	300	345
	<b>Total Tax expense</b>		1,941	814
<b>VII</b>	<b>Profit/ (Loss) after tax (V - VI)</b>		2,626	(392)
<b>VIII</b>	<b>Other comprehensive income</b>			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plan		(20)	(37)
	(b) Equity instruments through other comprehensive income		-	1
	(c) Gain on sale of investments in unquoted equity instruments		1	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		7	13
			(12)	(23)
<b>IX</b>	<b>Total comprehensive income for the period (VII + VIII)</b>		2,614	(415)
<b>X</b>	<b>Earnings per share (Face value of ₹ 10 per share)</b>			
	Basic and Diluted	36	12.87	(2.19)
	<b>Corporate information and significant accounting policies</b>	1		

#### See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**S.Veera Reddy**  
Managing Director

**Dr.S.Anand Reddy**  
Joint Managing Director

**S.Sreekanth Reddy**  
Executive Director

**Ganesh Balakrishnan**  
Partner

**K.Prasad**  
Chief Financial Officer

**R.Soundararajan**  
Company Secretary

Place : Hyderabad, Date : May 29, 2018

Place: Hyderabad, Date: May 29, 2018



## SAGAR CEMENTS LIMITED

### Consolidated statement of changes in equity for the year ended March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital							
Particulars	Amount						
Balance at March 31, 2016	1,739						
Changes in equity share capital during the year	301						
Balance at March 31, 2017	2,040						
Changes in equity share capital during the year	-						
Balance at March 31, 2018	2,040						
B. Other equity							
Particulars	Reserves and surplus				Items of other comprehensive income		Total other equity
	Capital reserve	Securities premium account	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
Balance as at March 31, 2016	35	10,503	3,598	38,979	12	41	53,168
Loss for the year	-	-	-	(392)	-	-	(392)
Issue of equity shares	-	21,875	-	-	-	-	21,875
Share issue expenses (net of tax ₹ 197)	-	(371)	-	-	-	-	(371)
Other comprehensive income for the year (net of tax ₹ 8)	-	-	-	-	1	(24)	(23)
Other adjustments	-	-	-	(1)	-	-	(1)
Balance as at March 31, 2017	35	32,007	3,598	38,586	13	17	74,256
Profit for the year	-	-	-	2,626	-	-	2,626
Dividend on equity shares (including tax)	-	-	-	(983)	-	-	(983)
Other comprehensive income for the year (net of tax ₹ 7)	-	-	-	-	-	(13)	(13)
Gain on sale of investments in unquoted equity instruments	-	-	-	-	1	-	1
Transfer from Reserve for equity instruments	-	-	-	14	(14)	-	-
Other adjustments	-	-	-	(7)	-	-	(7)
Balance as at March 31, 2018	35	32,007	3,598	40,236	-	4	75,880
See accompanying notes forming part of the consolidated financial statements							

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Hyderabad  
Date : May 29, 2018

For and on behalf of the Board of Directors

**S.Veera Reddy**  
Managing Director

**S.Sreekanth Reddy**  
Executive Director

**R.Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: May 29, 2018

**Dr.S.Anand Reddy**  
Joint Managing Director

**K.Prasad**  
Chief Financial Officer

# CONSOLIDATED CASH FLOW STATEMENT



## SAGAR CEMENTS LIMITED

### Consolidated statement of cash flows for the year ended March 31, 2018

All amounts are in ₹ lakhs unless otherwise stated

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017		
<b>A. Cash flow from operating activities</b>				
<b>Profit/ (Loss) after tax for the year</b>	<b>2,626</b>	<b>(392)</b>		
<i>Adjustments for</i>				
Tax expense	1,941	814		
Depreciation and amortization expense	5,362	4,759		
Finance costs	5,929	6,208		
Interest income	(650)	(260)		
Liabilities no longer required written off	(64)	-		
Provision for doubtful trade and other receivables, loans and advances	99	33		
Profit on sale of plant and equipment	(7)	(41)		
Dividend income (₹ 26,000 in the current year and previous year)	-	-		
Impairment of non-financial asset	- 12,610	88	11,601	
<b>Operating profit before working capital changes</b>	<b>15,236</b>	<b>11,209</b>		
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Trade receivables	(1,274)	(22)		
Inventories	1,544	(1,983)		
Financial assets	272	2,654		
Other assets	(313)	(548)	101	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables	(1,074)	1,536		
Other financial liabilities	449	312		
Provisions	162	(2,342)		
Other liabilities	1,436	(187)	(681)	
<b>Cash generated from operating activities</b>	<b>16,438</b>	<b>10,629</b>		
Less: Income tax paid	(1,442)	(530)		
<b>Net cash generated from operating activities</b>	<b>14,996</b>	<b>10,099</b>		
<b>B. Cash Flow from investing activities</b>				
Capital expenditure on property, plant and equipment including capital advances	(19,649)	(14,518)		
Deposits not considered as cash and cash equivalents				
- Placed	(1,483)	(690)		
- Matured	910	-		
Proceeds from disposal of plant and equipment	28	75		
Proceeds from sale of investments	28	-		
Dividend received (₹ 26,000 in the current year and previous year)	-	-		
Interest received	766	70		
<b>Net cash used in investing activities</b>	<b>(19,400)</b>	<b>(15,063)</b>		



All amounts are in ₹ lakhs unless otherwise stated

<b>C</b>	<b>Cash flow from financing activities</b>		
	Proceeds from issue of shares including securities premium (net)	-	22,176
	Expenses on issue of shares	-	(568)
	Proceeds from non-current borrowings	2,334	12,885
	Advance to related parties (net)	12	(21)
	Repayment of non-current borrowings	(5,127)	(8,775)
	Proceeds from current borrowings (net)	1,993	862
	Finance costs	(5,903)	(5,714)
	Dividend paid including tax	(983)	-
	<b>Net cash (used in)/ generated from financing activities</b>	<b>(7,674)</b>	<b>20,845</b>
	<b>Net increase in cash and cash equivalent (A + B + C)</b>	<b>(12,078)</b>	<b>15,881</b>
	<b>Cash and cash equivalent at the beginning of the year</b>	<b>16,178</b>	<b>297</b>
	<b>Cash and Cash equivalent at the end of the year (Refer Note 9)</b>	<b>4,100</b>	<b>16,178</b>

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Hyderabad  
Date : May 29, 2018

For and on behalf of the Board of Directors

**S.Veera Reddy**  
Managing Director

**S.Sreekanth Reddy**  
Executive Director

**R.Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: May 29, 2018

**Dr.S.Anand Reddy**  
Joint Managing Director

**K.Prasad**  
Chief Financial Officer



## SAGAR CEMENTS LIMITED

### Notes to the consolidated financial statements

#### 1. Corporate information and significant accounting policies

##### (a) Corporate Information

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

##### (b) Significant accounting policies

###### (i) Statement of compliance

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

###### (ii) Basis of preparation and presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for net realisable value in Ind AS 2 or value in use in Ind AS 36 that have some similarities to fair value but are not fair value.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

###### (iii) Use of estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that





period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

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

**(iv) Basis of consolidation**

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

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

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

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

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

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

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power held directly
Sagar Cements (R) Limited	Subsidiary	India	Sagar Cements Limited	100%

**(v) Business combination**

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

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

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



(vi) **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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

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

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

(vii) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc.

**Sale of goods**

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

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

**Generation of Power**

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

**Dividend and interest income**

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(viii) **Borrowing costs**

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

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



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

**(ix) Government grants**

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

**(x) Employee benefits**

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

**Defined Contribution Plans**

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

**Defined Benefit Plans**

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

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

**Short-term employee benefits**

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

**(xi) Taxation**

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

**Current tax**

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

**Deferred tax**

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



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

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

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

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

#### (xii) **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 fixed assets up to the date the asset is ready for its intended use. Freehold land is not depreciated.

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

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

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

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

- Railway siding - 25 years
- Plant and machinery other than continuous process plant – 25 years

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

- Electrical Equipment (Plant & Machinery) - 15 years

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



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

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

**(xiii) Intangible assets acquired separately**

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

**(xiv) 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.

**(xv) Cash and cash equivalents (for purposes of Cash Flow Statement)**

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

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

**(xvi) Foreign currency transactions and translations**

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

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

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

**(xvii) 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 Group's performance and allocates resources based on analysis of various performance indicators by business segments.

#### (xviii) 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. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.
- c. **Financial assets at fair value through profit or loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.
- d. **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 Group 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 Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of



the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**(xix) Impairment of assets**

**a. Financial assets:**

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

For trade receivables only, the Group 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 Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

**b. Non-financial assets:**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

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

**(xx) 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.

**(xxi) Provisions**

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

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

**(xxii) Operating cycle**

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

**(xxiii) Recent accounting pronouncements**

**Standards issued but not yet effective:**

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

**Ind AS 115 – Revenue from Contracts with Customers:**

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

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

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

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

**Ind AS 116 – Leases**

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

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

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

**2. Property, plant and equipment**

All amounts are in ₹ lakhs unless otherwise stated

Particulars	As at March 31, 2018	As at March 31, 2017
Land - freehold	8,917	8,448
Land - restoration	196	208
Buildings	14,568	14,686
Plant & machinery	62,962	57,674
Furniture and fittings	171	226
Office and other equipment	1,055	1,134
Electrical installations	4,065	3,909
Computers	58	94
Vehicles	441	430
Railway siding	6,067	6,316
<b>Total</b>	<b>98,500</b>	<b>93,125</b>



## For the year 2017-18

All amounts are in ₹ lakhs unless otherwise stated

Description of assets		Land-freehold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
<b>I.</b>	<b>Gross block</b>											
	Opening balance	8,448	229	19,477	75,385	754	4,118	7,559	310	1,028	6,684	1,23,992
	Additions	469	-	909	8,293	-	66	697	9	141	-	10,584
	Disposals	-	-	-	70	-	-	-	-	32	-	102
	<b>Balance as at March 31, 2018</b>	<b>8,917</b>	<b>229</b>	<b>20,386</b>	<b>83,608</b>	<b>754</b>	<b>4,184</b>	<b>8,256</b>	<b>319</b>	<b>1,137</b>	<b>6,684</b>	<b>1,34,474</b>
<b>II.</b>	<b>Accumulated depreciation and impairment</b>											
	Opening balance	-	21	4,791	17,711	528	2,984	3,650	216	598	368	30,867
	Depreciation expense	-	12	1,027	2,992	55	145	541	45	122	249	5,188
	Eliminated on disposal of assets	-	-	-	57	-	-	-	-	24	-	81
	<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>33</b>	<b>5,818</b>	<b>20,646</b>	<b>583</b>	<b>3,129</b>	<b>4,191</b>	<b>261</b>	<b>696</b>	<b>617</b>	<b>35,974</b>
	<b>Net block (I-II)</b>											
	<b>Carrying value as at March 31, 2018</b>	<b>8,917</b>	<b>196</b>	<b>14,568</b>	<b>62,962</b>	<b>171</b>	<b>1,055</b>	<b>4,065</b>	<b>58</b>	<b>441</b>	<b>6,067</b>	<b>98,500</b>
	Carrying value as at March 31, 2017	8,448	208	14,686	57,674	226	1,134	3,909	94	430	6,316	93,125



## For the year 2016-17

Description of assets		Land-freehold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
<b>I.</b>	<b>Gross block</b>											
	Opening Balance	6,878	229	15,993	72,316	735	3,879	7,251	279	970	6,427	1,14,957
	Additions	1,570	-	3,484	3,105	19	239	308	31	192	257	9,205
	Disposals	-	-	-	36	-	-	-	-	134	-	170
	<b>Balance as at March 31, 2017</b>	<b>8,448</b>	<b>229</b>	<b>19,477</b>	<b>75,385</b>	<b>754</b>	<b>4,118</b>	<b>7,559</b>	<b>310</b>	<b>1,028</b>	<b>6,684</b>	<b>1,23,992</b>
<b>II.</b>	<b>Accumulated depreciation and impairment</b>											
	Opening Balance	-	10	3,821	15,193	457	2,831	3,111	177	603	128	26,331
	Depreciation expense	-	11	885	2,549	71	153	536	39	101	240	4,585
	Eliminated on disposal of assets	-	-	-	31	-	-	-	-	106	-	137
	Impairment losses recognised in profit or loss	-	-	85	-	-	-	3	-	-	-	88
	<b>Balance as at March 31, 2017</b>	<b>-</b>	<b>21</b>	<b>4,791</b>	<b>17,711</b>	<b>528</b>	<b>2,984</b>	<b>3,650</b>	<b>216</b>	<b>598</b>	<b>368</b>	<b>30,867</b>
	<b>Net block (I-II)</b>											
	<b>Carrying value as at March 31, 2017</b>	<b>8,448</b>	<b>208</b>	<b>14,686</b>	<b>57,674</b>	<b>226</b>	<b>1,134</b>	<b>3,909</b>	<b>94</b>	<b>430</b>	<b>6,316</b>	<b>93,125</b>
	Carrying value as at March 31, 2016	6,878	219	12,172	57,123	278	1,048	4,140	102	367	6,299	88,626



All amounts are in ₹ lakhs unless otherwise stated

### 3. Other Intangible assets

Particulars	As at March 31, 2018	As at March 31, 2017
Computer software	32	43
Mining rights	2,850	3,014
<b>Total</b>	<b>2,882</b>	<b>3,057</b>

#### For the year 2017-18

Particulars	Computer software	Mining rights	Total
<b>I. Gross block</b>			
Opening balance	304	3,276	3,580
Additions	-	-	-
<b>Balance as at March 31, 2018</b>	<b>304</b>	<b>3,276</b>	<b>3,580</b>
<b>II. Accumulated amortization</b>			
Opening Balance	261	262	523
Amortisation expense	10	164	174
Other adjustments	1	-	1
<b>Balance as at March 31, 2018</b>	<b>272</b>	<b>426</b>	<b>698</b>
<b>Net block (I-II)</b>			
<b>Carrying value as at March 31, 2018</b>	<b>32</b>	<b>2,850</b>	<b>2,882</b>
Carrying value as at March 31, 2017	43	3,014	3,057

#### For the year 2016-17

Particulars	Computer software	Mining rights	Total
<b>I. Gross block</b>			
Opening Balance	294	3,276	3,570
Additions	10	-	10
<b>Balance as at March 31, 2017</b>	<b>304</b>	<b>3,276</b>	<b>3,580</b>
<b>II. Accumulated amortization</b>			
Opening Balance	250	98	348
Amortisation expense	10	164	174
Other adjustments	1	-	1
<b>Balance as at March 31, 2017</b>	<b>261</b>	<b>262</b>	<b>523</b>
<b>Net block (I-II)</b>			
<b>Carrying value as at March 31, 2017</b>	<b>43</b>	<b>3,014</b>	<b>3,057</b>
Carrying value as at March 31, 2016	44	3,178	3,222



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018		As at March 31, 2017	
		No. of shares	Amount	No. of shares	Amount
4.	<b>Investments (Unquoted)</b>				
	<b>Investments in equity instruments - others (Unquoted, fully paid up)</b>				
	Panchavati Polyfibres Limited	-	-	26,000	26
	PCL Financial Services Ltd	-	-	1,000	2
	<b>Total</b>		-		28
	Aggregate amount of investment carried at fair value through other comprehensive income		-		28

Note	Particulars	As at	As at
		March 31, 2018	March 31, 2017
5.	<b>Other financial assets (Unsecured, considered good)</b>		
	<b>Non-current</b>		
	(a) Security deposits	1,388	1,645
	(b) Balance held as margin money deposit against borrowings	196	279
	<b>Total</b>	<b>1,584</b>	<b>1,924</b>
	<b>Current</b>		
	(a) Security deposits	103	136
	(b) Advances to employees	68	51
	(c) Interest accrued but not due	211	327
	(d) Balances held as margin money deposit against borrowings	-	179
	<b>Total</b>	<b>382</b>	<b>693</b>
	<b>Total other financial assets</b>	<b>1,966</b>	<b>2,617</b>
6.	<b>Other assets (Unsecured, considered good)</b>		
	<b>Non-current</b>		
	(a) Capital advances	5,243	2,419
	(b) Prepaid expenses	17	17
	<b>Total</b>	<b>5,260</b>	<b>2,436</b>
	<b>Current</b>		
	(a) Advances to suppliers	922	980
	(b) Advances to related parties	771	783
	(c) Prepaid expenses	201	208
	(d) Balances with government authorities (other than income taxes)	1,027	651
	(e) Excise duty refund receivable	194	194
	(f) Incentives receivable from government	1,060	1,060
	(g) Others	48	46
<b>Total</b>	<b>4,223</b>	<b>3,922</b>	
	<b>Total other assets</b>	<b>9,483</b>	<b>6,358</b>



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
7.	<b>Inventories (at lower of cost and net realizable value)</b>		
	(a) Raw materials	747	806
	(b) Coal	2,384	3,097
	(c) Work-in-progress	3,642	2,051
	(d) Stores and spares	1,911	1,762
	(e) Packing materials	317	297
	(f) Finished goods	400	582
	<b>Total (A)</b>	<b>9,401</b>	<b>8,595</b>
	<b>Goods-in-transit:</b>		
	(a) Raw materials	5	5
	(b) Coal	55	2,404
	(c) Packing materials	30	31
	<b>Total (B)</b>	<b>90</b>	<b>2,440</b>
	<b>Total inventories (A + B)</b>	<b>9,491</b>	<b>11,035</b>
8.	<b>Trade receivables</b>		
	Secured, considered good	975	1,554
	Unsecured, considered good	8,283	6,529
	Unsecured, doubtful	195	96
	<b>Sub-total</b>	<b>9,453</b>	<b>8,179</b>
	Less: Provision for doubtful trade receivables	(195)	(96)
	<b>Total trade receivables</b>	<b>9,258</b>	<b>8,083</b>
	The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix. The ageing of the receivables is as follows:		
	Particulars	As at March 31, 2018	As at March 31, 2017
	Within the credit period	6,421	5,194
	1-30 days past due	694	1,120
	31-60 days past due	564	432
	61-90 days past due	174	782
	91-180 days past due	275	405
	More than 180 days past due	1,325	246
	<b>Total</b>	<b>9,453</b>	<b>8,179</b>
	<b>Movement in expected credit loss allowance</b>		
	<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
	Balance at the beginning of the year	96	63
	Movement in expected credit loss allowance on trade receivables	99	33
	<b>Balance at the end of the year</b>	<b>195</b>	<b>96</b>



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>9.</b>	<b>Cash and cash equivalents</b>		
	(a) Cash in hand	3	4
	(b) Balances with banks	97	3,629
	(c) Deposits with banks	4,000	12,500
	(d) Cheques on hand	-	45
	<b>Total cash and cash equivalents</b>	<b>4,100</b>	<b>16,178</b>
<b>10.</b>	<b>Other bank balances</b>		
	(a) Unpaid dividend account	64	58
	(b) Deposits held as margin money/security for bank guarantees	1,646	811
	<b>Total other bank balances</b>	<b>1,710</b>	<b>869</b>

Note	Particulars	As at March 31, 2018		As at March 31, 2017	
		No. of shares	Amount	No. of shares	Amount
<b>11.</b>	<b>Equity share capital</b>				
	<b>Authorised:</b>				
	Equity shares of ₹ 10 each	2,20,00,000	2,200	2,20,00,000	2,200
	Preference shares of ₹ 10 each	-	-	-	-
	<b>Total</b>	<b>2,20,00,000</b>	<b>2,200</b>	<b>2,20,00,000</b>	<b>2,200</b>
	<b>Issued, subscribed and fully paid up:</b>				
	Equity shares ₹ 10 each	2,04,00,000	2,040	2,04,00,000	2,040
	<b>Total</b>	<b>2,04,00,000</b>	<b>2,040</b>	<b>2,04,00,000</b>	<b>2,040</b>

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Opening balance	2,04,00,000	2,040	1,73,88,014	1,739
Shares issued during the year (Refer Note (d) below)	-	-	30,11,986	301
<b>Closing balance</b>	<b>2,04,00,000</b>	<b>2,040</b>	<b>2,04,00,000</b>	<b>2,040</b>

**(b) Rights, Preferences and Restrictions attached to the Equity Shares:**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



All amounts are in ₹ lakhs unless otherwise stated

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of holding	No. of shares	% of holding
S. Veera Reddy	16,43,795	8.06%	16,43,795	8.06%
S. Aruna	13,69,545	6.71%	13,69,545	6.71%
Rachana Sammidi	11,64,280	5.71%	11,64,280	5.71%
Dr. S. Anand Reddy	13,03,524	6.39%	13,04,776	6.40%
S. Sreekanth Reddy	12,38,753	6.07%	12,38,753	6.07%
S. Vanajatha	9,90,769	4.86%	9,90,769	4.86%
HDFC Trustee Company Limited - Prudence Fund	14,16,000	6.94%	9,20,000	4.51%
AVH Resources India Private Limited	35,83,704	17.57%	35,83,704	17.57%

- (d) (i) During the year 2016-17, the Company made a preferential allotment of 611,986 equity shares of ₹ 10 each at a premium of ₹ 790 per share aggregating ₹ 4,896 (including securities premium of ₹ 4,835) to the promoter and non promoter group. (Refer Note 37)
- (ii) During the year 2016-17, the Company raised a sum of ₹ 17,280 (including securities premium of ₹ 17,040) by allotment of 2,400,000 equity shares of ₹ 10 each at a premium of ₹ 710 per share through Qualified Institutions Placement. (Refer Note 37)

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>12.</b>	<b>Other equity</b>		
	Capital reserve	35	35
	Securities premium account	32,007	32,007
	General reserve	3,598	3,598
	Reserve for equity instruments	-	13
	Retained earnings	40,236	38,586
	Other items for other incomprehensive income	4	17
	<b>Total other equity</b>	<b>75,880</b>	<b>74,256</b>
	<b>Movement in other equity is as follows:</b>		
		As at March 31, 2018	As at March 31, 2017
	<b>Capital reserve</b>	<b>35</b>	<b>35</b>
	<b>Securities premium account</b>		
	(i) Opening Balance	32,007	10,503
	(ii) Proceeds from issue of shares	-	21,875
	(iii) Share issue expenses incurred during the year	-	(568)
	(iv) Income tax relating to issue of shares	-	197
		<b>32,007</b>	<b>32,007</b>
	<b>General reserve</b>	<b>3,598</b>	<b>3,598</b>
	<b>Retained earnings</b>		
	(i) Opening balance	38,586	38,979
	(ii) Profit/ (Loss) for the year	2,626	(392)
	(iii) Other adjustments	(7)	(1)
	(iv) Transfer from Reserve for equity instruments	14	-
		<b>41,219</b>	<b>38,586</b>



All amounts are in ₹ lakhs unless otherwise stated

Particulars	As at March 31, 2018	As at March 31, 2017
Less: Appropriations		
(i) Dividend on equity shares	817	-
(ii) Tax on dividend	166	-
	40,236	38,586
<b>Reserve for equity instruments</b>		
(i) Opening Balance	13	12
(ii) Fair valuation of unquoted equity instruments	-	1
(iii) Gain on sale of investments in unquoted equity instruments	1	-
(iv) Transfer to Retained earnings	(14)	-
	-	13
<b>Other items of other comprehensive income</b>		
(i) Opening Balance	17	41
(ii) Other comprehensive income	(13)	(24)
	4	17
<b>Total</b>	<b>75,880</b>	<b>74,256</b>

**Nature of reserves:**

- Capital Reserve**  
This represents subsidies received from the government.
- Securities premium account**  
Amounts received on issue of shares in excess of the par value has been classified as securities premium.
- General reserve**  
This represents appropriation of profit by the company
- Retained earnings**  
Retained earnings comprises of prior years undistributed earnings after taxes.
- Reserve for equity instruments**  
Reserve for equity instruments arises on account of fair valuation of equity instruments which is routed through other comprehensive income.
- Other items of other comprehensive income**  
This represents income/ expense arising out of remeasurement of defined benefit obligation (net of taxes).

Note	Particulars	As at March 31, 2018	As at March 31, 2017
13.	<b>Non current borrowings* (Secured, at amortised cost)</b>		
	(a) Debentures (Refer Note (ii) below)	15,000	15,000
	(b) Term Loans (Refer Note (i) below)	17,972	19,967
	<b>Total non-current borrowings</b>	<b>32,972</b>	<b>34,967</b>
	*Current maturities of non-current borrowings are disclosed under the head "Other financial liabilities".		
	<b>Note (i): As at March 31, 2018</b>		
	<b>Bank</b>	<b>Loan outstanding</b>	<b>Terms of repayment</b>
			<b>Rate of interest</b>
	ICICI Bank Limited (Refer Note 1 below)	5,233	19 quarterly instalments
	Yes Bank Limited (Refer Note 3 below)	3,448	25 quarterly instalments
	Yes Bank Limited (Refer Note 2 below)	2,500	60 monthly instalments
	Yes Bank Limited (Refer Note 3 below)	400	16 quarterly instalments
			9.00%
			10.65%
			9.95%
			9.95%



All amounts are in ₹ lakhs unless otherwise stated

Bank	Loan outstanding	Terms of repayment	Rate of interest
Yes Bank Limited (Refer Note 3 below)	499	28 quarterly instalments	9.95%
State Bank of India (Refer Note 4 below)	3,999	32 quarterly instalments	9.50%
Yes Bank Limited (Refer Note 2 below)	4,642	29 quarterly instalments	11.05%
Vehicle loans from various banks (Refer Note 6 below)	586	4 - 32 monthly instalments	9.00% to 12.50%
Less: Current maturities of non-current borrowings	(3,335)		
	17,972		

**As at March 31, 2017**

Bank	Loan outstanding	Terms of repayment	Rate of interest
State Bank of India (Refer Note 1 below)	1,016	18 monthly instalments	12.15%
ICICI Bank Limited (Refer Note 1 below)	6,238	23 quarterly instalments	11.80%
Yes Bank Limited (Refer Note 3 below)	4,000	28 quarterly instalments	12.20%
Yes Bank Limited (Refer Note 2 below)	3,000	72 monthly instalments	9.50%
State Bank of India (Refer Note 4 below)	3,150	32 quarterly instalments	11.40%
State Bank of Hyderabad (Refer Note 5 below)	1,300	5 quarterly instalments	12.75%
Corporation Bank (Refer Note 5 below)	170	1 quarterly instalment	16.25%
Yes Bank Limited (Refer Note 2 below)	5,000	32 quarterly instalments	12.35%
Vehicle loans from various banks (Refer Note 6 below)	223	35-36 monthly instalments	9.00% - 12.50%
Less: Current maturities of non-current borrowings	(4,130)		
	19,967		

**Notes:**

- The term loans from the bank is secured by pari-passu charge on the property, plant & equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and S. Srekanth Reddy, Executive Director.
- The term loan was 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, Joint Managing Director and S. Srekanth Reddy, Executive Director.
- The term loan from the bank is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram near Vishakhapatnam, Andhra Pradesh both present and future and second pari-passu charge on current assets of the company, both present and future and is guaranteed by Dr. S. Anand Reddy - Joint Managing Director and S. Srekanth Reddy - Executive Director.
- The term loan from the bank is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by S.Veera Reddy - Managing Director, Dr. S. Anand Reddy - Joint Managing Director and S. Srekanth Reddy - Executive Director.
- The term loan from other parties was 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.
- Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.





All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current borrowings (at amortised cost)</b>		
<b>Loans repayable on demand</b>		
Cash credit facilities	<b>11,526</b>	9,561
<b>Total secured borrowings</b>	<b>11,526</b>	<b>9,561</b>

**Note:** The group has availed cash credit facilities from Banks. This facility is secured against stocks of raw materials, finished goods, trade receivables, stores and spares, present and future, and by second charges on property, plant and equipment of the Company and are guaranteed by S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and S. Sreekanth Reddy, Executive Director. The loans are repayable on demand and carries interest @ 7.65% p.a. to 15.10% p.a. (2016-17: 12.5% p.a to 15.10% p.a)

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>14.</b>	<b>Other financial liabilities</b>		
	<b>Non current</b>		
	(a) Security deposits received	<b>5,006</b>	4,556
	(b) Loan from others	<b>59</b>	31
	<b>Total</b>	<b>5,065</b>	<b>4,587</b>
	<b>Current</b>		
	(a) Current maturities of non-current borrowings	<b>3,335</b>	4,130
	(b) Interest accrued but not due on borrowings	<b>743</b>	718
	(c) Unpaid dividends	<b>64</b>	58
	(d) Payables on purchase of property, plant and equipment	<b>935</b>	173
	<b>Total</b>	<b>5,077</b>	<b>5,079</b>
	<b>Total other financial liabilities</b>	<b>10,142</b>	<b>9,666</b>
<b>15.</b>	<b>Provisions</b>		
	(a) Gratuity (Refer Note 30)	<b>340</b>	236
	(b) Compensated absences (Refer Note 30)	<b>282</b>	208
	<b>Total Provisions</b>	<b>622</b>	<b>444</b>
	<b>Non-current</b>		
	(a) Gratuity	<b>191</b>	236
	(b) Compensated absences	<b>203</b>	-
	<b>Total</b>	<b>394</b>	<b>236</b>
	<b>Current</b>		
	(a) Gratuity	<b>149</b>	-
	(b) Compensated absences	<b>79</b>	208
	<b>Total</b>	<b>228</b>	<b>208</b>



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2018	As at March 31, 2017
<b>16.</b>	<b>Trade payables</b>		
	(a) Due to micro, small and medium enterprises (Refer Note 28)	3	5
	(b) Due to others	13,677	14,772
	<b>Total trade payables</b>	<b>13,680</b>	<b>14,777</b>
<b>17.</b>	<b>Other liabilities</b>		
	<b>Non current</b>		
	Liability for land restoration	229	229
	<b>Total</b>	<b>229</b>	<b>229</b>
	<b>Current</b>		
	(a) Advance from customers	3,245	2,617
	(b) Statutory remittances	2,462	1,698
	<b>Total</b>	<b>5,707</b>	<b>4,315</b>
	<b>Total other liabilities</b>	<b>5,936</b>	<b>4,544</b>
Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>18.</b>	<b>Revenue from operations</b>		
	(a) Revenue from		
	- Sale of cement (Refer Note 39)	1,06,964	92,088
	- Sale of power	576	1,458
	(b) Other operating income		
	- Sale of scrap	172	44
	- Incentives received from government	60	562
	- Insurance claims	-	7
	<b>Total revenue from operations</b>	<b>1,07,772</b>	<b>94,159</b>
<b>19.</b>	<b>Other income</b>		
	(a) Interest Income on financial assets at amortized cost	650	260
	(b) Profit on sale of property, plant & equipment	7	41
	(c) Liabilities no longer required written back	64	51
	(d) Others	9	-
	<b>Total other income</b>	<b>730</b>	<b>352</b>
<b>20.</b>	<b>Cost of materials consumed</b>		
	Opening stock	806	464
	Add: Purchases	14,133	10,652
	Less: Closing stock	745	806
	<b>Total cost of materials consumed</b>	<b>14,194</b>	<b>10,310</b>
	<b>Details of materials consumed</b>		
	Limestone	5,815	4,846
	Laterite	2,648	1,652
	Iron-ore sludge	846	861
	Gypsum	1,624	1,500
	Flyash	1,397	1,260
	Slag and others	1,864	191
	<b>Total</b>	<b>14,194</b>	<b>10,310</b>



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
21.	<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
	<i>Inventories at the beginning of the year:</i>		
	Finished goods	582	924
	Work-in-progress	2,051	1,844
		<b>2,633</b>	<b>2,768</b>
	<i>Inventories at the end of the year:</i>		
	Finished goods	400	582
	Work-in-progress	3,642	2,051
		<b>4,042</b>	<b>2,633</b>
	<b>Net (increase)/ decrease</b>	<b>(1,409)</b>	<b>135</b>
22.	<b>Employee benefit expenses</b>		
	(a) Salaries and wages, including bonus	4,409	3,751
	(b) Contribution to provident and other funds	369	248
	(c) Staff welfare expenses	351	312
	<b>Total employee benefit expenses</b>	<b>5,129</b>	<b>4,311</b>
23.	<b>Finance cost</b>		
	(a) Interest expense	5,270	5,586
	Less: Amounts included in the cost of qualifying assets	(87)	(177)
	(b) Other borrowing cost	746	799
	<b>Total finance cost</b>	<b>5,929</b>	<b>6,208</b>
24.	<b>Depreciation and amortisation expense</b>		
	(a) Depreciation of property, plant and equipment	5,352	4,585
	(b) Amortization of intangible assets	10	174
	<b>Total depreciation and amortisation expense</b>	<b>5,362</b>	<b>4,759</b>
25.	<b>Other expenses</b>		
	Coal consumed	28,198	21,470
	Power	4,947	5,719
	Packing materials consumed	4,423	3,717
	Stores and spares consumed	2,929	2,746
	Repairs and maintenance		
	Plant & equipment	1,528	1,881
	Buildings	15	38
	Others	584	487
	Freight and forwarding expenses	21,793	15,112
	Selling expenses	2,596	2,231
	Provision for doubtful trade receivables	99	33
	Rent	221	220
	Insurance	212	142
	Rates and taxes	236	458
	Expenditure on corporate social responsibility	95	47
	Payment to Auditors (Refer Note (i) below)	40	61



All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Impairment of non-financial assets	-	88
	Travelling and conveyance	321	293
	Security services	224	206
	Donations and contributions	43	56
	Legal and other professional	520	346
	Administrative expenses	209	230
	Printing and stationery	42	24
	Communication	76	71
	Net Loss on foreign currency transactions and translation	1	1
	Directors sitting fees	14	23
	Miscellaneous expenses	38	46
	Decrease of excise duty on inventory (Refer Note (ii) below)	(58)	(20)
	Captive consumption of Cement	(305)	(135)
	<b>Total other expenses</b>	<b>69,041</b>	<b>55,591</b>
	<b>Note (i):</b>		
	<b>Payment to Auditors (net of service tax) comprises:</b>		
	For audit	28	28
	For limited reviews	10	10
	For other services	1	21
	Reimbursement of expenses	1	2
	<b>Total</b>	<b>40</b>	<b>61</b>
	<b>Note(ii):</b>		
	Consequent to implementation of Goods and Services tax effective from July 01, 2017, excise duty on opening stock of finished goods as at April 01, 2017 has been reversed.		

Note	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
26.	<b>Income tax expense</b>		
	<b>(a) Income tax recognized in the Statement of Profit &amp; Loss</b>		
	<b>Current tax:</b>		
	In respect of the current year	1,641	510
	In respect of prior years	-	(41)
		<b>1,641</b>	<b>469</b>
	<b>Deferred tax</b>		
	In respect of current year origination and reversal of temporary differences	1,060	345
	MAT Credit	(760)	-
		<b>300</b>	<b>345</b>
		<b>1,941</b>	<b>814</b>



All amounts are in ₹ lakhs unless otherwise stated

**Movement in deferred tax assets and liabilities for the year 2017-18:**

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Reversed through other comprehensive income	Recognized directly in equity	Credit utilised	Reclassified from equity to the statement of profit and loss	Closing balance
Property, plant and equipment and intangible assets	12,382	2,583	-	-	-	-	14,965
Provision for employee benefits	(219)	6	7	-	-	-	(206)
Provision for doubtful trade receivables	(22)	(44)	-	-	-	-	(66)
MAT credit entitlement	(2,230)	(760)	-	-	-	-	(2,990)
Carry forward business losses and depreciation	(9,174)	(1,490)	-	-	-	-	(10,664)
Others	(197)	-	-	-	-	-	(197)
<b>Total Deferred tax liability (Net)</b>	<b>540</b>	<b>295</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>842</b>

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

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Reversed through other comprehensive income	Recognized directly in equity	Credit utilised	Reclassified from equity to the statement of profit and loss	Closing balance
Property, plant and equipment and intangible assets	11,305	1,077	-	-	-	-	12,382
Provision for employee benefits	(167)	(46)	13	-	(19)	-	(219)
Provision for doubtful trade receivables	-	(22)	-	-	-	-	(22)
MAT credit entitlement	(2,452)	-	-	-	222	-	(2,230)
Carry forward business losses and depreciation	(8,121)	(1,053)	-	-	-	-	(9,174)
Others	(389)	-	-	(197)	-	389	(197)
<b>Total Deferred tax liability (Net)</b>	<b>176</b>	<b>(44)</b>	<b>13</b>	<b>(197)</b>	<b>203</b>	<b>389</b>	<b>540</b>

**Gross deferred tax assets and liabilities are as follows:**

As at March 31, 2018	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(7,525)	7,440	14,965
Provision for employee benefits	33	(173)	(206)
Allowance for credit losses	16	(50)	(66)
MAT credit entitlement	-	(2,990)	(2,990)
Carry forward business losses and depreciation	10,664	-	(10,664)
Others	-	(197)	(197)
<b>Total</b>	<b>3,188</b>	<b>4,030</b>	<b>842</b>



All amounts are in ₹ lakhs unless otherwise stated

As at March 31, 2017	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(6,756)	5,626	12,382
Provision for employee benefits	45	(174)	(219)
Allowance for credit losses	-	(22)	(22)
MAT credit entitlement	-	(2,230)	(2,230)
Carry forward business losses and depreciation	9,174	-	(9,174)
Others	-	(197)	(197)
<b>Total</b>	<b>2,463</b>	<b>3,003</b>	<b>540</b>

#### Current tax assets and liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Advance income tax	71	100
Current tax liabilities	232	62
<b>Net current tax assets/(liabilities)</b>	<b>(161)</b>	<b>38</b>

#### 27. Contingent liabilities, corporate guarantees and capital commitments

##### a) Contingent Liabilities:

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

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

Particulars	As at March 31, 2018	As at March 31, 2017
Direct taxes related	1,798	1,214
Indirect taxes related	2,348	2,394
Others	428	428

(ii) The Finance Minister of Government of India has announced in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from 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 ₹ 1,145 (As at March 31, 2017: ₹ 1,145) from July 2010 to March 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 1,134 was reversed, but under protest. The balance of ₹ 11 pertains to penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the Company.

##### b) Corporate Guarantees:

The Company has furnished a corporate guarantee of ₹ 15,000 to IDBI Trusteeship Services Limited to secure the 1,500 Non-Convertible Debentures (₹ 10 lakhs each) aggregating to ₹ 15,000 (2016-17: ₹ 15,000) issued by its wholly owned subsidiary, Sagar Cements (R) Limited, to International Finance Corporation and a further guarantee to secure the credit facilities aggregating ₹ 6,000 (2016-17: ₹ 14,900) availed by the said subsidiary from its lenders.

##### c) Capital Commitment:

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	11,358	6,606



All amounts are in ₹ lakhs unless otherwise stated

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

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

Particulars	As at March 31, 2018	As at March 31, 2017
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	3	5
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 year (where the principal has been paid but interest under the Act not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

**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)(xviii) to the financial statements.

**A) Capital Management**

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

**Gearing ratio**

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

Description	As at March 31, 2018	As at March 31, 2017
Debt (Refer Note below)	48,635	49,407
Cash and bank balances	5,810	17,047
Net debt	42,825	32,360
Total equity	77,920	76,296
Net debt to equity ratio	0.550	0.424

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



All amounts are in ₹ lakhs unless otherwise stated

## B) Financial Assets and Liabilities:

The carrying value and fair value of financial instruments by categories as of March 31, 2018 and March 31, 2017 is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Financial Assets</b>		
<b>Measured at amortised cost</b>		
(i) Trade receivables	9,258	8,083
(ii) Cash and cash equivalents	4,100	16,178
(iii) Other bank balances	1,710	869
(iv) Other financial assets	1,966	2,617
<b>Sub total</b>	<b>17,034</b>	<b>27,747</b>
<b>Measured at fair value through other comprehensive income</b>		
(i) Investments	-	28
<b>Sub total</b>	<b>-</b>	<b>28</b>
<b>Total Financial assets</b>	<b>17,034</b>	<b>27,775</b>
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
(i) Borrowings	47,834	48,658
(ii) Trade payables	13,680	14,777
(iii) Other financial liabilities	6,807	5,536
<b>Total Financial liabilities</b>	<b>68,321</b>	<b>68,971</b>

There are no financial assets and financial liabilities measured at fair value through profit and loss

## C) Fair value hierarchy

### Valuation technique and key inputs:

Level 1 - Quoted prices (unadjusted) in an active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy for financial instruments are as follows:

### Fair value measurement at the end of year using level 3

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>		
Investment in unquoted equity shares (Refer Note 4)	-	28

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, earnings growth, discount rate, and probabilities of the various estimates within the range used in management's estimate of fair value for these unquoted equity investments.





All amounts are in ₹ lakhs unless otherwise stated

Fair value measurements using significant unobservable inputs (Level 3)

**Valuation inputs and relationships to fair value:**

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements, being investments in unquoted equity shares:

Fair value		Significant unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
As at March 31, 2018	As at March 31, 2017			
-	28	Earnings growth rate	Earnings growth factor for unlisted equity shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	Any increase in the earnings growth rate would result in an increase in fair value.
		Discount rate	Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects the current market assessments of the time value of money and risk specific to that asset.	Any increase in the discount rate would result in a decrease in the fair value.

**D) Financial risk management objectives:**

The group’s corporate finance function monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (includes interest rate risk), credit risk and liquidity risk.

The group seeks to minimize the effects of these risks by continues monitoring on day to day basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

**i) Market risk:**

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

**Interest rate risk management:**

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

**Interest rate sensitivity analysis**

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group’s: Profit for the year ended March 31, 2018 would decrease/increase by ₹ 242 (for the year ended March 31, 2017: decrease/increase by ₹ 242). This is mainly attributable to the group’s exposure to interest rates on its variable rate borrowings.



All amounts are in ₹ lakhs unless otherwise stated

**ii) Credit risk management:**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The group does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year.

**E) Liquidity Risk Management:**

**Financing facilities:**

Particulars	As at March 31, 2018	As at March 31, 2017
Secured bills acceptance facility, reviewed annually		
- amount used	2,607	2,382
- amount unused	1,093	2,318
<b>Total</b>	<b>3,700</b>	<b>4,700</b>
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	11,526	9,561
- amount unused	4,674	4,139
<b>Total</b>	<b>16,200</b>	<b>13,700</b>
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	21,307	24,097
- amount unused	4,000	869
<b>Total</b>	<b>25,307</b>	<b>24,966</b>
Secured non-convertible debentures		
- amount used	15,000	15,000
- amount unused	-	-
<b>Total</b>	<b>15,000</b>	<b>15,000</b>

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

**30. Employee benefits:**

The employee benefit schemes are as under:

**(i) Defined contribution plan:**

**Provident Fund**

The group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated ₹ 238 (2016-17: ₹ 191).



All amounts are in ₹ lakhs unless otherwise stated

### Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administered by Life Insurance Corporation of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated ₹ 34 (2016-17: ₹ 48).

### Employee State Insurance

The group makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated ₹ 14 (2016-17: ₹ 10).

### (ii) Defined benefit plan:

#### Gratuity:

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

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

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Mortality table (LIC)	<b>IALM 2006-08 (Mod.) (ultimate)</b>	IALM 2006-08 (ultimate)
Discounting rate (p.a.)	<b>8%</b>	7.90%
Expected rate of return on plan asset	<b>7.65% / 8.05%</b>	8.25%
Expected average remaining working lives of employees	<b>16.05 years</b>	16.08 years
Rate of escalation in salary	<b>5%</b>	5%
Attrition rate	<b>4%</b>	4%

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

Description	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:</b>		
Current service cost	<b>81</b>	51
Interest expense	<b>52</b>	49
Acquisition adjustment/ New policy/ Premium adjustment	<b>-</b>	2
Expected return on plan assets	<b>(36)</b>	(34)
<b>Defined benefit cost included in profit and loss</b>	<b>97</b>	<b>68</b>
<b>Re-measurement effects recognized in Other Comprehensive Income (OCI)</b>		
Actuarial (gain)/loss	<b>20</b>	37
<b>Components of defined benefit costs recognized in OCI</b>	<b>20</b>	<b>37</b>



All amounts are in ₹ lakhs unless otherwise stated

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

Description	For the year ended	
	March 31, 2018	March 31, 2017
Present value of funded defined benefit obligations	816	718
Fair value of plan assets	(476)	(482)
Net liability arising from defined benefit obligation	340	236

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

Description	For the year ended	
	March 31, 2018	March 31, 2017
Defined benefit obligation at the beginning of the year	718	632
Current service cost	81	51
Interest cost	52	49
Re-measurements - Actuarial (gain) / loss	17	37
Benefits paid	(52)	(51)
<b>Defined benefit obligation at the year end</b>	<b>816</b>	<b>718</b>

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

Description	For the year ended	
	March 31, 2018	March 31, 2017
Opening fair value of the plan assets	482	435
Expected return on plan assets	37	34
Contributions from the employer	11	66
Benefits paid	(52)	(51)
Re-measurement – Actuarial losses	(3)	-
Acquisition Adjustment/ New Policy/Premium Expenses	1	(2)
<b>Fair value of plan asset at the year end</b>	<b>476</b>	<b>482</b>

f) **Sensitivity Analysis:**

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

Description	For the year ended		For the year ended	
	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	(742)	828	(639)	757
Effect of 1% change in assumed salary rate	831	(738)	732	(656)
Effect of 1% change in assumed attrition rate	790	(774)	(639)	757

**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.



All amounts are in ₹ lakhs unless otherwise stated

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

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

### 31. Segment Reporting:

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

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

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation		2017-18	2016-17
	2017-18	2016-17	2017-18	2016-17		
Revenue	107,195	92,701	7,690	6,160	114,885	98,861
Less: Inter-segment revenue					7,113	4,702
<b>Total</b>	<b>107,195</b>	<b>92,701</b>	<b>7,690</b>	<b>6,160</b>	<b>107,772</b>	<b>94,159</b>
<b>Segment result</b>	<b>10,263</b>	<b>6,136</b>	<b>(497)</b>	<b>142</b>	<b>9,766</b>	<b>6,278</b>
Unallocable expenses (net)					5,199	5,856
<b>Profit before taxes</b>					<b>4,567</b>	<b>422</b>
Tax expense					(1,941)	(814)
<b>Profit/ (Loss) for the year</b>					<b>2,626</b>	<b>(392)</b>

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation		2017-18	2016-17
	2017-18	2016-17	2017-18	2016-17		
Segment assets	131,069	129,354	12,853	16,382	143,922	145,736
Un-allocable assets					13,138	7,584
<b>Total assets</b>					<b>157,060</b>	<b>153,320</b>
Segment liabilities	36,754	31,359	1,985	3,461	38,739	34,820
Un-allocable liabilities					4,094	3,107
<b>Total liabilities</b>					<b>42,833</b>	<b>37,927</b>



All amounts are in ₹ lakhs unless otherwise stated

### 32. Related Party Disclosures:

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

Name	Relationship
<b>Key managerial personnel (KMP)</b>	
Swaminatha Reddy Onteddu	Chairman of the Board of Directors
S.Veera Reddy	Managing Director (MD)
Dr.S. Anand Reddy	Joint Managing Director (JMD)
S.Sreekanth Reddy	Executive Director (ED)
Kolappa Thanu Pillai	Director
T.Nagesh Reddy	Nominee Director
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Fernand Pascal Cesar Bertrand	Director
S.Sahithi	Executive Director (ED) (in subsidiary)
K.Prasad	Chief Financial Officer (CFO)
R.Soundararajan	Company Secretary (CS)
<b>Relatives of KMP:</b>	
S.Vanajatha	Wife of S. Veera Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
RV Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence

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

Nature of Transaction	Party Name	Year Ended March 31, 2018	Year Ended March 31, 2017
Purchase of raw materials	Panchavati Polyfibres Limited	4,965	4,107
Rent expenses paid	Dr. S. Anand Reddy	29	29
	S. Sreekanth Reddy	28	28
	S. Vanajatha	28	28
	<b>Total</b>	<b>85</b>	<b>85</b>
Services received	Sagarsoft (India) Limited – Staffing resource services	40	47
	RV Consulting Services Private Limited – Consultancy services	2,121	890
	<b>Total</b>	<b>2,161</b>	<b>937</b>



All amounts are in ₹ lakhs unless otherwise stated

Nature of Transaction	Party Name	Year Ended March 31, 2018	Year Ended March 31, 2017
Reimbursement of expenses received	Sagarsoft (India) Limited	12	6
	RV Consulting Services Private Limited	9	6
	Sagar Power Limited	10	6
	<b>Total</b>	<b>31</b>	<b>18</b>
Dividend income	Panchavati Polyfibres Limited (₹26,000 received in the current and previous year)	-	-
Repayment of advances given	RV Consulting Services Private Limited	50	-
Advance given	RV Consulting Services Private Limited	-	40

#### Compensation to key managerial personnel:

Nature of Transaction	Party Name	For the year ended	
		March 31, 2018	March 31, 2017
Short-term benefits	MD, JMD, ED, CS and CFO	723	415
Other benefits	Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	22	71

#### Outstanding balances:

Nature of the balance	Party Name	As at March 31, 2018	As at March 31, 2017
Advances and deposits given	Sagar Power Limited	767	756
	RV Consulting Services Private Limited	4	50
	<b>Total</b>	<b>771</b>	<b>806</b>
Trade payables	Sagarsoft (India) Limited	1	3
	Panchavati Polyfibres Limited	560	307
	<b>Total</b>	<b>561</b>	<b>310</b>
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	-	32
Rent payable	Dr. S. Anand Reddy	2	2
	S. Sreekanth Reddy	2	2
	S. Vanajatha	2	2
	<b>Total</b>	<b>6</b>	<b>6</b>
Payable to KMP	Short term benefits payable to key managerial personnel	-	18

### 33. Operating Lease

The Group has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease expense recognized in the Statement of Profit and Loss aggregate ₹ 221 (2016-17: ₹ 220).



All amounts are in ₹ lakhs unless otherwise stated

#### 34. Earnings per Share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit/ (Loss)after tax (₹ in lakhs)	2,626	(392)
Weighted average number of equity shares outstanding	20,400,000	17,891,681
Earnings per share:		
Basic and Diluted (in ₹)	12.87	(2.19)

#### 35. Corporate Social Responsibility (CSR) activities:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. A company meeting the applicability threshold of this section needs to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities have been covered under Schedule VII to the Companies Act, 2013. The Company has spent an amount of ₹ 95 (2016-17: ₹ 47) towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under Other Expense.

36. The Group has certain mining leases granted by the Government for limestone mining in Pedaveedu Village, Mattampally up to August 17, 2024 and in Gudipadu Village, Tadipatri upto December 14, 2035.

37. During the year 2016-17, the Company has raised amounts of ₹ 4,896 and ₹ 17,280 through preferential issue of equity shares and Qualified Institutional Placement (QIP) issue respectively. The objective of raising funds through preferential and QIP issue was to meet the capital expenditure requirements for expansion of the grinding unit in Bayyavaram to 1.5 million MT and to setting up a coal based captive power unit of 18 MW capacity at its plant in Matampally, Nalgonda District, for other general corporate purposes and any other purposes as may be permissible under applicable law. A part of the amount was used for the purpose for which it was raised and the balance amount is invested in fixed deposit pending utilization.

#### 38. Dividends:

The Board of Directors of the Company declared and paid an interim dividend of ₹ 2.50 per equity share (25%) on 2,04,00,000 equity shares of face value of ₹ 10 each during the year. Further, a final dividend of ₹ 1.50 (2016-17: ₹ 1.50) per equity share (15%) for the year 2017-18 on May 29, 2018 has been recommended by the Board of Directors, subject to the approval of shareholders at the Annual General Meeting. The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company.

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

40. These consolidated financial statements were approved by the Company's Board of Directors on May 29, 2018.



All amounts are in ₹ lakhs unless otherwise stated



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

**As at and for the year ended March 31, 2018:**

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	106%	82,383	188%	4,939	167%	(20)	188%	4,919
Sagar Cements (R) Limited (Subsidiary)	9%	7,368	(82)%	(2,147)	(67)%	8	(82)%	(2,139)
Adjustments arising out of consolidation	(15)%	(11,831)	(6)%	(166)	-	-	(6)%	(166)
<b>Total</b>	<b>100%</b>	<b>77,920</b>	<b>100%</b>	<b>2,626</b>	<b>100%</b>	<b>(12)</b>	<b>100%</b>	<b>2,614</b>

**As at and for the year ended March 31, 2017:**

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	103%	78,447	319%	1,249	17%	(4)	300%	1,245
Sagar Cements (R) Limited (Subsidiary)	12%	9,507	(377)%	(1,476)	83%	(19)	(360)%	(1,495)
Adjustments arising out of consolidation	(15)%	(11,658)	(42)%	(165)	-	-	(40)%	(165)
<b>Total</b>	<b>100%</b>	<b>76,296</b>	<b>100%</b>	<b>(392)</b>	<b>100%</b>	<b>(23)</b>	<b>100%</b>	<b>(415)</b>

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

**For and on behalf of the Board of Directors**

**S.Veera Reddy**  
Managing Director

**Dr.S.Anand Reddy**  
Joint Managing Director

**S.Sreekanth Reddy**  
Executive Director

**K.Prasad**  
Chief Financial Officer

**R.Soundararajan**  
Company Secretary

Place: Hyderabad  
Date: May 29, 2018



### SAGAR CEMENTS LIMITED

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033  
CIN : L26942TG1981PLC002887

Tel.No.: +91-40-23351571 Fax No.: +91-40-23356573 E-mail: info@sagarcements.in Website: www.sagarcements.in

#### ATTENDANCE SLIP

**37<sup>th</sup> ANNUAL GENERAL MEETING ON THURSDAY, THE 27<sup>th</sup> SEPTEMBER, 2018 AT 4.00 P.M.  
at Hotel Golkonda, Masab Tank, Hyderabad-500 028**

Folio No.	DP ID No.	Client ID No.
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I/We hereby record my/our present at the Thirty Seventh Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 4.00 p.m. on Thursday, the 27<sup>th</sup> September, 2018.

Name of the Member : \_\_\_\_\_ Signature : \_\_\_\_\_

Name of the Proxyholder : \_\_\_\_\_ Signature : \_\_\_\_\_

- 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 LIMITED

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

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

Name of the Member (s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No. / Client ID No. : \_\_\_\_\_ DP ID No. \_\_\_\_\_

I/We, being the member(s) holding \_\_\_\_\_ shares of Sagar Cements 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 Thirty Seventh Annual General Meeting of the Company to be held on **Thursday, the 27<sup>th</sup> September, 2018 at 4.00 p.m.** at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof in respect of such resolutions as are indicated below:

P.T.O.



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Sl. No.	Description of Resolutions
1	Adoption of audited stand-alone and consolidated financial statements, report of the Directors and auditors for the year ended 31 <sup>st</sup> March, 2018.
2	Confirmation of the Interim Dividend already paid and declaration of a further dividend as detailed in the notice.
3	Re-appointment of Dr.S.Anand Reddy, who retires by rotation and is eligible for re-appointment, as Director.
4	Re-appointment of John-Eric Fernand Pascal Cesar Bertrand, who retires by rotation and is eligible for re-appointment, as Director.
5	Amendment to the Memorandum of the Association of the Company as detailed in the notice.
6	Ratification of remuneration payable to the cost auditors.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2018

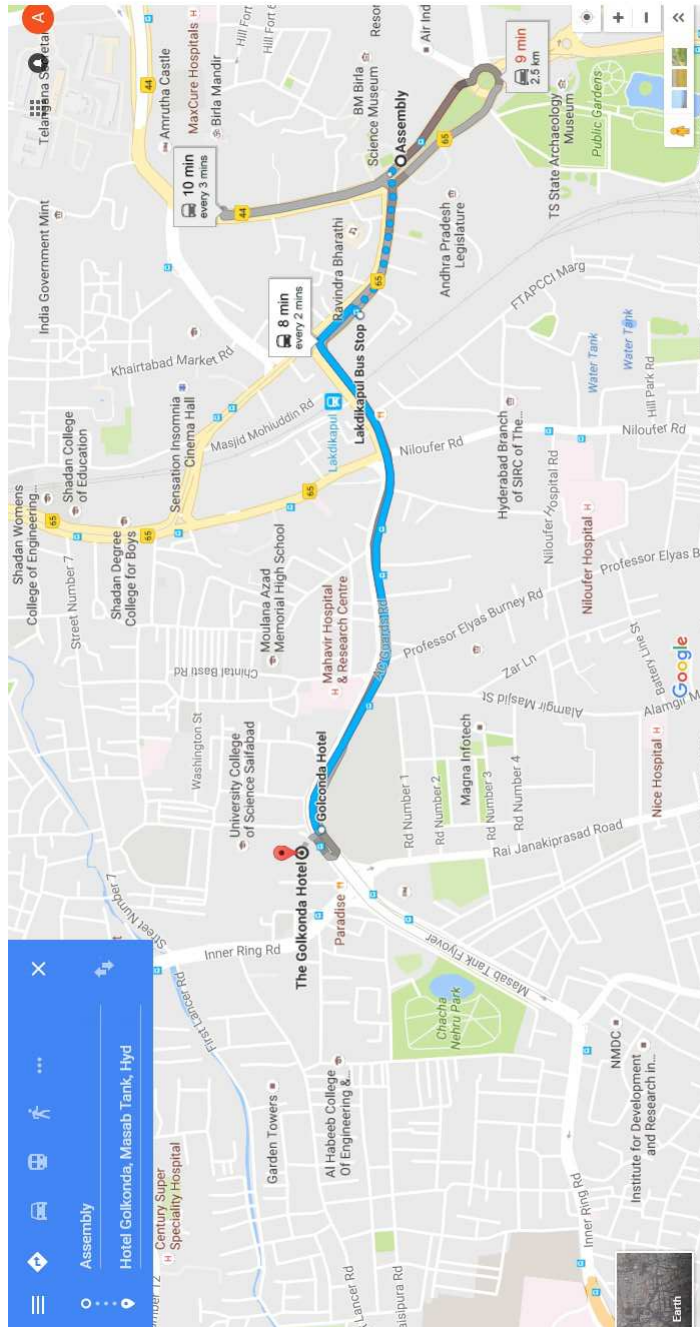
Please  
affix  
Re. 1/-  
Revenue  
Stamp

Signature of shareholder \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

- Note:**
1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, not less than 48 hours before the commencement of the Meeting.
  2. A proxy need not be a member of the Company.
  3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 37<sup>th</sup> Annual General Meeting of the Company.



## ROUTE MAP FOR AGM





# SAGAR CEMENTS LIMITED

CIN : L26942TG1981PLC002887

## Registered Office :

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

Tel: 040 - 23351571

Fax: 040 - 23356573

[www.sagarcements.in](http://www.sagarcements.in)

### Leader in Special Cements

Ordinary Portland Cement  
(OPC Grade 43 & Grade 53)

Sulphate Resistant Cement

Special Grade Ordinary  
Portland Cement.

Special Cements