SAGAR CEMENTS LIMITED

Ref:SCL:SEC:2021-22

6th November 2021

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

Symbol: SAGCEM
Series: EQ

The Secretary
Bombay Stock Exchange Limited
P J Towers
Dalal Street
Mumbai – 400 001

Scrip Code: 502090

Dear Sir,

FORM NO. CAA.3
[Pursuant to section 230(5) and rule 8]
In the Matter of Scheme of Amalgamation
NOTICE TO CENTRAL GOVERNMENT, REGULATORY AUTHORITIES

Notice is hereby given in pursuance of sub-section (5) of section 230 of the Companies Act, 2013, that as directed by the Hyderabad Bench of the National Company Law Tribunal at Hyderabad by an order dated 28th October, 2021 under sub-section (1) of section 230 of the Act, a meeting of the Secured Creditors of Sagar Cements Limited will be held on 8th December, 2021 to consider the Scheme of Amalgamation of Sagar Cements (R) Limited (Transferor Company) with Sagar Cements Limited (Transferee Company) through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

A copy of the notice convening the Meeting of Secured Creditors of Sagar Cements Limited is enclosed.

You are hereby informed that representations, if any, in connection with the proposed meeting may be made to the Tribunal within thirty days from the date of receipt of this notice. Copy of the representation may simultaneously be sent to the concerned company(ies).

In case no representation is received within the stated period of thirty days, it shall be presumed that you have no representation to make on the proposed scheme of amalgamation.

Thanking you

Yours faithfully
For Sagar Cements Limited

RANGASWAMY SOUNDARARAJAN
Digitally signed by RANGASWAMY SOUNDARARAJAN
Date: 2021.11.06 17:36:57 +05'30'

R.Soundararajan
Company Secretary

Encl. Copy of the Notice along with Explanatory Statement under Section 230 (3)

SAGAR CEMENTS LIMITED

CIN: L26942TG1981PLC002887
Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500033, Telangana, India
Tel: +914023351571 Fax: 914023356573
E-mail: info@sagarcements.in | Website: www.sagarcements.in

NOTICE CONVENING MEETING OF SECURED CREDITORS OF M/s. SAGAR CEMENTS LIMITED PURSUANT TO ORDER DATED 28th OCTOBER, 2021 OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH, AT HYDERABAD.

MEETING	
Day	Wednesday
Date	December 08, 2021
Time	01:30 p.m.
Mode of Meeting	Through Video Conferencing / Other Audio-Visual Means
Mode of Voting	Remote e-voting and e-voting at the Meeting
Cut Off Date	September 30, 2021
Remote e-voting start date and time	December 04, 2021 at 9.00 a.m.
Remote e-voting end date and time	December 07, 2021 at 5.00 p.m.

THE NOTICE OF THE MEETING, EXPLANATORY STATEMENT UNDER SECTIONS 230 AND 232 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE ACT AND RULE 6 OF THE CAA RULES AND ANNEXURE I TO ANNEXURE VI(PAGE NOS. [1] **TO** [243] **CONSTITUTE A SINGLE AND COMPLETE SET OF DOCUMENTS AND SHOULD BE READ TOGETHER AS THEY FORM AN INTEGRAL PART OF THIS DOCUMENT.**

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH AT HYDERABAD
CA (CAA) NO.37/230/HDB/2021

IN THE MATTER OF SECTIONS 230 TO 232 AND
OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE SCHEME OF AMALGAMATION OF M/s. SAGAR CEMENTS (R) LIMITED ("TRANSFEROR COMPANY") AND M/s. SAGAR CEMENTS LIMITED (TRANSFEREE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS

M/s. SAGAR CEMENTS LIMITED
CIN: L26942TG1981PLC002887
a company incorporated under the Companies Act, 1956
having its registered office at
Plot No.111, Road No.10, Jubilee Hills, ...**Transferee Company/Company**
Hyderabad-500 033, Telangana, India,
Rep by its Managing Director
Dr. S. Anand Reddy

NOTICE CONVENING MEETING OF SECURED CREDITORS OF M/s. SAGAR CEMENTS LIMITED

To
The Secured creditors of
M/s. Sagar Cements Limited ("Transferee Company" or "the Company")

1. **NOTICE** is hereby given that by an Order dated 28th October, 2021 **("Tribunal Order")** in the above mentioned Company Application, the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad has directed a meeting of the Secured Creditors of the Company, to be held for the purpose of their considering and if thought fit, approving the proposed scheme of Amalgamation of **M/s. Sagar Cements (R) Limited ("Transferor Company") and M/s. Sagar Cements Limited ("Transferee Company"/"Company") and their respective Shareholders** on a going concern basis, under the provisions of Sections 230 to 232 of the Companies Act, 2013 ("**Scheme**"), on Wednesday, 08th December, 2021 at 01:30 PM (IST)

2. Pursuant to the said Tribunal Order and as directed therein, the meeting of the Secured Creditors of the Company ("Meeting") will be held on Wednesday, 08th December, 2021 at 01:30 PM (IST) through video conferencing ("VC") / other audio visual means ("OAVM"), in compliance with the applicable provisions of the Companies Act, 2013 ("Act"), read with General Circular Nos. 14/2020 dated 8 April 2020, 17/2020 dated 13 April 2020, 22/2020 dated 15 June, 2020, 33/2020 dated 28 September, 2020, 39/2020 dated 31 December, 2020 and 02/21 dated 13 January 2021, issued by the Ministry of Corporate Affairs, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January, 2021 issued by the Securities and Exchange Board of India, to consider and if thought fit, to pass the following resolution for approval of the Scheme by requisite majority as prescribed under Section 230(1) and (6) read with Section 232(1) of the Act.

   *"**RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act,2013, the rules, circulars and notifications made thereunder [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], the Securities and Exchange Board of India (Listing*

*Obligations and Disclosure Requirements) Regulations, 2015, read with the rules, circulars and notifications made thereunder [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force] and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Hon'ble jurisdictional National Company Law Tribunal **("Hon'ble Tribunal"**/"**NCLT**") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be deemed appropriate by the Parties to the Scheme, at any time and for any reasons whatsoever, or which may otherwise be considered necessary, desirable or as may be prescribed or imposed by the NCLT or by any regulatory or other authorities, while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to mean and include one or more Committee(s) constituted/ to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the Scheme of Amalgamation of M/s. Sagar Cements (R) Limited ("Transferor Company") and M/s. Sagar Cements Limited (Transferee Company) and their Respective Shareholders, be and is hereby approved.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary, to give effect to the preceding Resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, at any time and for any reason whatsoever, which may be required and/or imposed by the Hon'ble Tribunal or its Appellate Authority (ies) while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise, while giving effect to the Scheme, as the Board may deem fit and proper and delegate all or any of its powers herein conferred to any Director(s) and/or officer(s) of the Company, to give effect to this Resolution, if required, as it may in its absolute discretion deem fit, necessary or desirable."*

3. **TAKE FURTHER NOTICE** that in compliance with the provisions of Section 230 (4), Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereof, Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Regulation 44 and other applicable provisions of SEBI Listing Regulations, that the Secured Creditors shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes, electronically (a) through e-voting system available at the Meeting to be held virtually or (b) by remote electronic voting ("**remote e-voting**") during the period as stated below:

REMOTE E-VOTING PERIOD	
Commencement of Voting	December 04, 2021 at 9.00 a.m.
End of Voting	December 07, 2021 at 5.00 p.m.

4. **TAKE FURTHER NOTICE** that a person, whose name is recorded in the list of Secured Creditors of the Company as on the cut-off date, i.e., 30th September, 2021 ("**Cut-off Date**") only shall be entitled to exercise his/her/its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not a secured creditor as on the Cut-off Date, should treat the Notice for information purpose only.

5. **TAKE FURTHER NOTICE** that a copy of the Scheme, Explanatory Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**CAA Rules**") along with all annexures to such statement are enclosed. A copy of this Notice and the accompanying documents are also placed on the website of the Company, viz., www.sagarcements.in, the website of Kfin Technologies Private Limited viz.,https://evoting.kfintech.com, being the agency appointed by the Company to provide the e-voting and other facilities for convening of the Meeting; and the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com.

6. The Hon'ble Tribunal has appointed Mr. B.Venkata Prasad, Advocate, as Chairman of the Meeting including for any adjournments thereof. The Hon'ble Tribunal has also appointed Ms.Rishika Kumar, as Scrutinizer for the Meeting.

7. The above mentioned Scheme, if approved at the aforesaid Meeting, will be subject to the subsequent sanction of the jurisdictional tribunal and such other approvals, permissions and sanctions of regulatory or other authorities, as may be necessary.

B.Venkata Prasad, Advocate
Chairman appointed by
Tribunal for the Meeting of Secured Creditors

Hyderabad, November 05, 2021

Registered Office:
M/s. Sagar Cements Limited
Plot No.111, Road No.10, Jubilee Hills,
Hyderabad-500 033, Telangana, India,
Tel: +914023351571
Email ID: info@sagarcements.in
Website: www.sagarcements.in
CIN: L26942TG1981PLC002887

Notes:

1. Pursuant to the directions of the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad vide its Order dated 28th October, 2021 ("**Tribunal**") as attached hereto as **Annexure IV**, the Meeting of the Secured Creditors of the Company is being conducted through Video Conferencing (**"VC"**) / other audio visual means (**"OAVM"**) facility to transact the business set out in the Notice convening this Meeting. As such, there shall be no physical attendance of Secured Creditors at meeting in view of the present circumstances on account of the COVID-19 pandemic. The deemed venue for the Meeting shall be the Registered Office of the Company.

2. The Explanatory Statement pursuant to Sections 230 and 232 read with Section 102 and other applicable provisions of the Companies Act, 2013 ("Act") and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of the business set out in the Notice of the Meeting is annexed hereto.

3. A person, whose name is recorded in the list of Secured Creditors of the Company as on the Cut-off Date (specified above in the Notice) only shall be entitled to exercise his / her / its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not a Secured Creditor as on the Cut-Off Date, should treat the Notice for information purpose only.

4. **SINCE THIS MEETING IS BEING HELD THROUGH VC / OAVM, THERE WILL NOT BE ANY PHYSICAL ATTENDANCE OF SECURED CREDITORS. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE SECURED CREDITORS WILL NOT BE AVAILABLE FOR THE MEETING AND HENCE, THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED HERETO.**

5. No route map of the venue of the Meeting is annexed hereto since this Meeting is being held through VC / OAVM.

6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will been titled to vote at the Meeting.

7. Secured creditors other than individuals intending to send their authorised representatives to attend and vote at the Meeting through VC / OAVM are requested to send a duly certified scanned copy of the Board/Managing Committee Resolution (PDF / JPG Format), together with the specimen signature(s) of the representative(s) authorised under the said Resolution to attend and vote on their behalf at the Meeting, to the Scrutinizer by e-mail to rishikakumar1996@gmail.com, with a copy marked to evoting@kfintech.com

8. The attendance of the 1 Secured Creditor attending the Meeting through VC / OAVM will be counted for the purpose of reckoning the quorum as per the terms of the Order of the Hon'ble Tribunal.

9. The Secured Creditors can join the Meeting through VC / OAVM, 30 minutes before and 30 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The Secured Creditors will be able to view the proceedings and participate at the Meeting by logging into the e-Voting website at https://evoting.kfintech.com.

10. The Notice of the Meeting and the accompanying documents mentioned in the Index are being sent through electronic mode to the Secured Creditors at their respective last known e-mail addresses, as per the records of the Company.

11. The Secured Creditors may note that the aforesaid documents are also available on the website of the Company i.e. www.sagarcements.in and on the website of KFin Technologies Private Limited viz.,https://evoting.kfintech.com, being the agency appointed by the Company to provide the e-voting and other facilities for convening of the Meeting and also on the website of the Stock Exchanges, i.e.,BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

12. In accordance with the provisions of Sections 230 to 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three fourth in value of the Secured Creditors of the Company, voting by electronic means, agree to the Scheme.

13. The Notice convening the Meeting, the date of dispatch of the Notice and the Explanatory Statement will be published through advertisement in the following newspapers, namely, (i) Hyderabad Edition of 'Business Standard', in English language; and (ii) translation thereof in Hyderabad Edition of 'Nava Telangana', in Telugu language.

14. **Voting through Electronics Means ("Remote e-voting"):**

    i. Pursuant to Order of the Hon'ble Tribunal and in compliance with the provisions of Section 108 of the Act and Rules made thereunder, Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), the Company is pleased to provide e-voting facility to the secured creditors to exercise their right to vote on resolution set forth in this Notice. The Company has engaged the services of KFin Technologies Private Limited (KFin) as the authorised agency to provide e-voting facilities. The instructions for remote e-voting are given in Serial No. 15.

    ii. The remote E-voting event number (EVEN) is 6366. The remote e-Voting will commence on 4th December, 2021 at 9 AM and **ends on 7th December, 2021 at 5 PM**. During this period, the secured creditors appearing in the list of secured creditors of the Company as on the **cut-off date i.e., 30th September, 2021** may cast their vote electronically in the manner and process set out herein above. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the secured creditor, the secured creditor shall not be allowed to change it subsequently.

    iii. A secured creditor can opt for only single mode of voting i.e., through remote e-voting or e-voting at the Meeting. If a secured creditor casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID".

    iv. The secured creditors who have cast their vote by e-voting prior to the meeting may also attend the Meeting through VC/OAVM but shall not be entitled to cast their vote again.

    v. The voting rights of secured creditors shall be in proportion to their outstanding dues from the Company as on the **cut-off date i.e., 30th September, 2021**. A person, whose name is recorded in the list of secured creditors of the Company as on the cut-off date i.e. **30th September, 2021** only be entitled to avail the facility of remote e-voting and during the meeting.

    vi. The Tribunal has appointed Ms. Rishika Kumar as the Scrutinizer to scrutinize the remote e-Voting (prior to as well as during the meeting) process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes cast at the meeting, thereafter, unblock the votes cast through remote e-Voting and submit, within a period not exceeding forty eight hours from the conclusion of the meeting, make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman for counter signature.

vii. The Results shall be declared either by the Chairman or by a person authorized in writing by the Chairman and the resolution will be deemed to have been passed on the date of the Meeting subject to receipt of the requisite number of votes in favour of the Resolution(s). Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website www.sagarcements.com and on the website of KFin at https://evoting.kfintech.com, and communicated to stock exchanges viz., BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website at www.bseindia.com and www.nseindia.com respectively.

15. **Guidelines for 'remote e-Voting':**

A. In case a Secured Creditor receives an e-mail from the Company/ KFin [for Secured Creditor whose e-mail address is registered with the Company]:

i. Open your web browser during the remote e-voting period and navigate to https://evoting.kfintech.com

ii. Enter the login credentials. (User ID and Password given in the email. If required, please contact toll-free number 1800-3094-001 (from 9:00 a.m. to 6:00 p.m. on all working days) for assistance on your existing password. Secured creditors who forgotten the Password are advised to use "Forgot Password" options available on the website.

(https://evoting.kfintech.com/common/passwordoptions.aspx)

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 upon logging-in for the first time. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (*,@,#,$,etc.,). The system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget 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 E-Voting Event Number (EVEN) is 6366 for M/s. Sagar Cements Limited.

vii. On the voting page, enter the number of shares as on the Cut-off Date under either "FOR" or "AGAINST" to cast your vote on the resolution.

viii. You may then cast your vote by selecting an appropriate option and click on "SUBMIT".

ix. A confirmation box will be displayed. Click "OK" to confirm, else "CANCEL" to modify.

x. Once you confirm, you will not be allowed to modify your vote

xi. Secured creditors other than individuals are 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 authorized representative(s), to the Scrutinizer through email ID: rishikakumar1996@gmail.com, with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Sagar – NCLT Convened Meeting – Secured Creditors".

B. In case a secured creditor receives printed copy of Notice and accompanying documents by Post (whose e-mail address is not registered / updated with the Company):

i. Your User ID and password is given in the accompanying communication.

ii. Follow the instructions at (A). (i) to (xi), mentioned above, to cast your vote.

iii. In case you do not have User ID and Password for e-voting or have forgotten the User ID and Password, you may follow the steps mentioned hereinabove to request the login credentials.

iv. After due verification, the Company / KFin will send your login credentials to you.

Secured creditors may send an e-mail request at the e-mail id: evoting@kfintech.com along with the scanned signed copy of the request letter providing the email id, mobile number, self-attested PAN copy for sending the Notices, Explanatory statement and other documents in electronic mode and also user id and password.

In case of any query on e-voting, secured creditors may refer to the "Help" and "FAQs" sections / E-voting user manual available through a dropdown menu in the "Downloads" section of KFin's website for e-voting: https://evoting.kfintech.comor contact KFin as per the details given below:

Secured Creditors are requested to note the following contact details for addressing e-voting related grievances:

Mr. Raj Kumar Kale,
Assistant General Manager - Corporate Registry,
KFin Technologies Private Limited,
"Selenium Tower-B", Plot No. 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500032, Telangana.
Toll-free No.: 1800 3094 001
Email: einward.ris@kfintech.com

16. **Voting at the Meeting:**

i. Secured creditors who could not vote through remote e-Voting may avail the e-Voting system provided at the Meeting ("Insta Poll") by KFin.

ii. Only those secured creditors who will be present in the Meeting through Video Conferencing facility and who have not cast their vote through remote e-Voting are eligible to vote through Insta Poll.

iii. Secured creditors who have voted through remote e-Voting will be eligible to attend the Meeting, however, will not be eligible to vote at the Meeting.

iv. Insta Poll Instructions: The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the Chairman during the Meeting proceedings. Secured creditors shall click on the same to take them to the "Insta Poll" page.

v. Secured Creditors to click on the "Insta Poll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

vi. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the Meeting shall be the same person mentioned for remote e-voting.

17. **Guidelines for attending the Meeting through VC/ OAVM are as under:**

For the purpose of convening the Meeting through VC / OAVM, your Company has appointed KFin Technologies Private Limited, Registrars and Share Transfer Agent, to provide VC / OAVM facility for the Meeting. The detailed procedure and manner for participating in the Meeting through VC / OAVM is explained as under:

i. Attending the Meeting through Video conferencing:

Secured Creditors will be able to attend the Meeting through VC / OAVM provided by KFin. Secured Creditors are requested to follow the procedure given below:

a. Launch internet browser (latest version of Chrome/Firefox/Safari/ Internet Explorer 11 or MS Edge) by typing the URL: https://emeetings.kfintech.com

b. On the login page, enter the login credentials (i.e., User ID (In case of Demat Account enter -DP ID and Client ID / In case of physical mode enter Folio No.) and Existing Password.

c. After logging in, click on “Video Conference” option.

d. Then click on camera icon appearing against Meeting event of M/s. Sagar Cements Limited to attend the Meeting.

ii. Secured Creditors who have forgotten the Password are advised to use “Forgot Password” options available on the website.

iii. **Other useful information**

a. Secured Creditors are encouraged to participate in the Meeting through laptops or desktops with Google Chrome for better experience.

b. Secured Creditors are required to allow camera, if any, and use Internet with a good speed to avoid any disturbance during the meeting.

c. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile hotspot may experience Audio/Video loss due to fluctuations in their respective networks. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate aforesaid glitches.

d. **Questions prior to Meeting:** Secured Creditors who would like to express their views/ask questions during the meeting may log into https://emeetings.kfintech.com/ and click on “Post your Questions” and may post their queries/views/questions in the window provided by mentioning the name, User Id, email address, mobile number. The posting of the questions by the Secured Creditors shall commence from 4th December, 2021 at 9 am. IST and shall close on 7th December, 2021 at 5 pm.

e. **Speaker Registration during Meeting:** Secured Creditors may log into https://emeetings.kfintech.com/ and click on "Speaker Registration" by mentioning the name, User Id, email address, mobile number and submit. The speaker registration shall commence from 4th December, 2021 at 9 am. IST and shall close on 7th December, 2021 at 5 pm. **Those Secured Creditors who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting. Secured Creditors are requested to restrict their questions/views ONLY on the Scheme.**

f. In case of any query relating to the procedure for attending Meting through VC/OAVM or for any technical assistance, the secured creditors may call on toll free no.: 1800 3094 001 or send an e-mail at einward.ris@kfintech.com

18. **Procedure for inspection of documents:**

i. Documents for inspection as referred to in the Notice will be available electronically for inspection without any fee by the secured creditors from the date of circulation of this Notice up to the date of Meeting. Secured creditors seeking to inspect such documents can visit the website of the Company atwww.sagarcements.in

ii. Secured Creditors are requested to carefully read all the Notes set out herein and in particular, instructions for joining the Meeting, manner of casting vote through remote e-voting or e-voting at the Meeting.

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH AT HYDERABAD
CA (CAA) NO.37/230/HDB/2021

IN THE MATTER OF SECTIONS 230 TO 232 AND
OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF THE SCHEME OF AMALGAMATION OF SAGAR CEMENTS (R) LIMITED ("TRANSFEROR COMPANY") AND SAGAR CEMENTS LIMITED (TRANSFEREE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS

M/s. SAGAR CEMENTS LIMITED
CIN: L26942TG1981PLC002887
a company incorporated under the Companies Act, 1956
having its registered office at
Plot No.111, Road No.10, Jubilee Hills, **…Transferee Company/Company**
Hyderabad-500 033, Telangana, India,

EXPLANATORY STATEMENT UNDER SECTIONS 230 TO 232 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ("ACT") AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 ("CAA RULES") TO THE NOTICE OF THE MEETING OF SECURED CREDITORS OF M/s. SAGAR CEMENTS LIMITED CONVENED PURSUANT TO ORDER OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH AT HYDERABAD ("TRIBUNAL") DATED 28TH OCTOBER, 2021 ("TRIBUNAL ORDER")

I. Meeting for the Scheme

This is a statement accompanying the Notice convening the meeting of Secured Creditors of M/s. Sagar Cements Limited **("Transferee Company" or "Company")**, for the purpose of their considering and if thought fit, approving, the proposed scheme of Amalgamation of **M/s. Sagar Cements (R) Limited ("Transferor Company") and M/s. Sagar Cements Limited (Transferee Company) and their respective shareholders** on a going concern basis **("the Scheme of Amalgamation" or "this Scheme" or "the Scheme")** which involves, inter alia, (a) the amalgamation of the Transferor Company with the Transferee Company and dissolution of the Transferor Company without winding up and (b) Various other matters incidental, consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 ('Act') in the manner provided for in the Scheme. The proposed Scheme is envisaged to be effective from the Appointed Date. The Appointed Date is 30th March, 2021 or any other such date as may be sanctioned by the Tribunal. A copy of the Scheme is enclosed herewith **as Annexure I.**

Capital terms not defined herein and used in the Notice and this Statement shall have the same meaning as ascribed to them in the Scheme.

II. Rationale and benefits of the Scheme:-

The Board of Directors of the Transferor Companies and Transferee Company envisages the following benefits pursuant to the Amalgamation of the Transferor Company with the Transferee Company:

The Merger of the Transferor Company with the transferee Company would also have the following benefits:

a. Reduction in the cost of overheads and improvement in professional management.

b. Reduction in multiplicity of legal and regulatory compliances and simplification of group structure.

c. Enhance the scale of operations thereby providing significant impetus to the growth of the Companies, since they are engaged in line of business that could draw upon synergies between the Transferor Company and the Transferee Company.

d. Consolidation of Transferor Company with the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital and improved financial structure.

e. The benefit of consolidation of financial resources, managerial and technical expertise of the Transferor Company and the Transferee Company shall be available to the Transferee entity leading to the overall optimization of operational and administration costs.

f. The amalgamation will rationalize and optimize the group legal entity structure to ensure greater alignment of the businesses by reducing number of legal entities and also statutory compliances.

g. will achieve synergies in business activity, consolidation, focused attention, centralized administration, economy of operation, integrated business approach and greater efficiency.

"Companies" shall collectively mean the Transferor Company and the Transferee Company.

III. Background of the Companies

i. Details of M/s. Sagar Cements (R) Limited (Transferor Company)

M/s. Sagar Cements (R) Limited (Transferor Company) a Public Limited Company was originally incorporated on 30th August, 2007 with CIN: U26942KA2007PLC043746 and PAN AADCB2257L under the name and style of M/s. BMM Cements Limited in the State of Karnataka. Later on, the Company had changed its name to M/s. Sagar Cements (R) Limited after passing necessary resolutions and a fresh certificate of incorporation was issued by the Registrar of Companies, Karnataka, on 28th day of March, 2017. Later on the Company had changed its registered office from the State of Karnataka to State of Telangana by virtue of passing a special resolution on 27.03.2019 and after obtaining necessary approval from the Regional Director, South East Region, Hyderabad dated 21st June, 2019. The Registrar of Companies, Telangana at Hyderabad, issued a fresh certificate of incorporation on 24.07.2019 under the CIN: U40300TG2007PLC134320.The 'Transferor Company' has its registered office presently at Plot No.111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana, India, e-mail id: info-r@sagarcement.in. The 'Transferor Company' is engaged in the business of manufacturing, producing, processing, and dealing in cement and generation of power and their ancillaries etc.

a. The Registered Office of the Transferor Company is situated at Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500033, Telangana, India.

b. The Main Objects of the 'Transferor Company' as provided in the Clause III of its Memorandum of Association are given below:

1. To carry on business as manufacturers, producers, processors, refiners, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, stockiest, agents, sub-agents, distributors or otherwise deal in all types and kinds of cements like ordinary, white, colors, Portland, Pozzolana Aluminum, blast furnace, Silica and all other varieties of cements, lime and limestone, clinker and/or by-products thereof, as also cement products of any or all descriptions, such as pipes, poles, slabs, bricks, asbestos, sheets, blocks, tiles, garden ware, plaster of Paris, lime pipes, building materials and otherwise and articles, things compounds and preparations connected with the aforesaid products and in connection therewith to take on lease or otherwise acquire, erect, construct, establish, work, operate and maintain factories, quarries, mines and workshops.

2. To manufacture, sell, purchase, import, export or otherwise deal in all machinery used for the extraction of clay or other minerals, and all materials and components needed for the repair and maintenance of such machinery

3. To carry on business as manufacturers of bricks, tiles, paving slabs, pipes, pottery, earthenware, china and similar goods and to acquire the freehold or other interest in any land from which may be extracted clay or any other substance require for the said purposes.

4. To carry on business as manufacturers, producers, processors, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, distributors or otherwise deal in chemical and chemical compounds in all forms that can be used in connection with cements and cement products.

5. To carry on the business of manufacturing, producing, casting, procuring, mastering, buying, selling, converting and in other ways dealing in all types of steels, steels castings, iron

steels, ally, ingots, slabs, sheets, strips, rounds, bars, flats, sections and shapes, brass, copper, aluminum, stainless steels and other nonferrous metals, to distill refine or produce zinc, zinc oxide, zinc chloride.

6. To promote, own, run, install, takeover or set up power plant of any kind to generate, receive, improve, buy, sell, resell, acquire, use, transmit, accumulate, employ, distribute, develop and to undertake co-generation of electric power.

There are no changes in the main objects of the Company during the last 5 years.

c. Nature of Business

The Transferor Company is engaged in the business of manufacturing, producing, processing, and dealing in cement and generation of power and their ancillaries etc.,

d. The Authorized, Issued, Subscribed and Paid-up capital of the Transferor Company as on 31st March, 2020 is as follows: -

Particulars	Amount In INR
Authorised Share Capital	
10,70,00,000 Equity Share of INR 10 each	107,00,00,000
4,30,00,000 Preference Shares of INR 10 each	43,00,00,000
Total	150,00,00,000
Issued, subscribed and fully paid up shares	
10,38,12,925 Equity Share of INR 10 each	103,81,29,250
4,30,00,000 Preference Shares of INR 10 each	43,00,00,000
Total	146,81,29,250

Subsequent to 31st March, 2020, the Authorised share capital of the company has been increased from Rs.150,00,00,000/- to Rs.159,00,00,000/- divided into 11,60,00,000 (Eleven Crores Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 4,30,00,000 (Four Crores Thirty Lakhs) Preference Shares of Rs.10/- (Rupees Ten Only) each vide Special resolution dated 21.12.2020.

The company has issued and allotted 1,21,50,000 equity shares of Rs. 10/- each on Rights basis on 04.02.2021

As on the date of this Notice, the share capital structure of the Transferor Company remains the same as stated herein above. The latest annual Financial Statements of the Transferor Company have been audited for the financial year ended on 31st March 2021. The Audited Financial Statements for the financial year ended 31st March 2021, of the Transferor Company is attached hereto as **Annexure II.A**

e. The details of promoters of Transferor Company as on date of the notice are as follows:

Name of the Promoter/ Promoter Group*	Category	Address
M/s.Sagar Cements Limited	Promoter	Plot No.111, Road No.10 Jubilee Hills Hyderabad, Telangana-500033
Dr. S.Anand Reddy	Nominee Shareholder of M/s.Sagar Cements Limited	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
S.Sreekanth Reddy	Nominee Shareholder of M/s.Sagar Cements Limited	Plot No. 854,Road No.44, Jubilee Hills, Hyderabad-500 033
S.Sahithi	Nominee Shareholder of M/s.Sagar Cements Limited	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
S.Siddarth	Nominee Shareholder of M/s.Sagar Cements Limited	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033

S.Vanajatha	Nominee Shareholder of M/s.Sagar Cements Limited	Plot No. 205,Road No.14, Jubilee Hills, Hyderabad, Telangana-500033
S.Aruna	Nominee Shareholder of M/s.Sagar Cements Limited	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
S.Rachana	Nominee Shareholder of M/s.Sagar Cements Limited	Plot No. 854,Road No.44, Jubilee Hills, Hyderabad-500 033

f. The details of the Directors and Key Managerial Personnel ("KMP") of the Transferor Company as on date of the notice are as follows:

Sr. No.	Name of the Director/ KMP	DIN / PAN	Designation	Address
1.	Kolappa Thanu Pillai	00123920	Chairman-Independent & Non-Executive Director	H.No.8-2-616, 2nd Floor, Akashganga Apartments, Block-B,Near Springfield School, Road No.11, Banjara Hills Hyderabad-500 034
2.	Anand Reddy Sammidi	00123870	Managing Director	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
3.	Sreekanth Reddy Sammidi	00123889	Director	Plot No. 854,Road No.44, Jubilee Hills, Hyderabad-500 033
4.	Sammidi Sahithi	07293511	Executive Director	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
5.	Valliyur Hariharan Ramakrishnan	00143948	Independent & Non-Executive Director	2A/1005,SMR Vinay City, Bollaram Road, Miyapur,Hyderabad-500 049
6.	Rekha Onteddu	07938776	Independent & Non-Executive Director	Plot No.630, Road No.35, Jubilee Hills, Hyderabad-500 033
7.	Kolluru Prasad	AFQPK 6401G	Chief Financial Officer	H.No.4-6-90/17/2, Plot No.268, Tejaswi Nagar, Attapur, Rajendranagar, Rangareddy Dist.-500 048
8.	Rangaswamy Soundararajan	AFVPS 4638E	Company Secretary	Flat No.305, Sri Srinivasa Apartments, Deendayal Nagar, Neredmet, Secunderabad-500 056

g. The Equity Shares and Preferences Share of the Company are not listed on any Stock Exchange. Non-convertable debentures of the Company are listed on National Stock Exchange of India Limited.

ii. Details of M/s. Sagar Cements Limited (Transferee Company/Company)

M/s. Sagar Cements Limited (Transferee Company) a Public Limited Company, bearing CIN: L26942TG1981PLC002887 was incorporated on 15th January, 1981, PAN AACCS8680H under the name and style of M/s. Sagar Cements Limited in the then State of Andhra Pradesh (now the State of Telangana by virtue of A.P. State Re-organization Act, 2014). The 'Transferee Company' has its registered office presently at Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana, India, E-mail Id: info@sagarcements.in. The 'Transferee Company' is engaged in the business of manufacturing, producing, processing, and dealing in cement and generation of power and their ancillaries etc.,

a. The Registered Office of the Transferee Company is situated at Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500033, Telangana, India.

b. The Main Objects of the 'Transferee Company' as provided in the Clause III (A) of its Memorandum of Association, are:

1. To produce, manufacture, refine, prepare, process, purchase, import, export, sell and generally to deal in all kinds of Cement, Cement products of any description, limestone, gypsum,

kankar and/or byproducts thereof and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other work relating thereto.

2. To fabricate, manufacture and deal in all kinds of cement plants, apparatus, mining equipment, tools, utensils and materials and things necessary or convenient for carrying on the manufacture of cement and mining operations.

3. To own, explore, take on lease, or otherwise acquire any area, mining lease, quarries and to do all such other acts and deal in all such other things as may be conducive to and allied to the business of the company.

4. To carry on the business of buying and selling cement, bricks, limestone, sand or other earthy material or manufactured product such as titles, pavement and roofing materials. To deal in lime, plaster, clay, coke, fuel, timber, artificial stone and builders requisites and appliances.

5. To acquire the quarries and mines of Granite and Marble and all kinds of other stones and quarry the same directly or through contractors and to act as dealers, distributors, merchants, exporters, importers, stockists and agents of raw finished, semi-finished granite and marble stones including polished or flamed tiles, panels and tomb stones.

6. To carry on the business as manufacturers, dealers, distributors, exporters, and importers, stockists, and agents of high-tech building materials like, mortars, glues, gouts, for installation of tiles, pavers, bricks, marbles, water proofing membranes, rapid hardening compounds, non-shrinkable compounds, anticorrosive compounds and plain and corrugated sheets used in building construction by importing technology, know-how by foreign collaboration or indigenously.

7. To carry on the business as manufacturers, dealers, distributors, exporters, and importers, stockists, and agents of all types of non-explosive demolishing agents used in mining, quarries, and construction works and for demolition of concrete and civil works, by importing technology, know-how by foreign collaboration, or indigenously.

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.

In the 37th Annual General Meeting held on 27th September, 2018 a new Sub clause 8 was inserted in clause III(A) of the memorandum of the association of the company:

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.

c. Nature of Business

The Transferee Company is engaged in the business of manufacturing, producing, processing, and dealing in cement and generation of power and their ancillaries etc.,

d. The Authorized, Issued, Subscribed and Paid-up share capital of 2nd Applicant/Transferee Company as on 31st March, 2020 is as follows:

Particulars	Amount In INR
Authorised Share Capital	
2,35,00,000 Equity Shares of INR 10 each	23,50,00,000
Total	23,50,00,000
Issued, subscribed and fully paid up shares	
2,22,75,000 Equity Shares of INR 10 each	22,27,50,000
Total	22,27,50,000

Subsequent to 31st March, 2020, - the company has allotted 12,25,000 equity shares of Rs.10/-each on 20.07.2020 against conversion of 12,25,000 outstanding convertible warrants.

The latest annual Financial Statements of the Transferee Company have been audited for the financial year ended on 31st March 2021. The Audited Standalone Financial Statements for the financial year ended 31st March 2021, of the Transferee Company is attached hereto as **Annexure IIB.**

In the 40th Annual General Meeting of the company held on 28th July, 2021 the company amended capital clause to approve the splitting of 23500000 equity shares of Rs.10/- each into 117500000 equity shares of Rs.2/- each.

e. The details of the promoter (including promoter group) of the Company as on 30th September, 2021 are as follows:

Sr. No.	Name of Promoter/ Promoter Group	Category	Address
1.	Dr. S.Anand Reddy	Promoter	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
2.	S.Sreekanth Reddy	Promoter	Plot No. 854,Road No.44, Jubilee Hills, Hyderabad-500 033
3.	S.Aruna	Promoter Group	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
4.	S.Rachana	Promoter Group	Plot No. 854,Road No.44, Jubilee Hills, Hyderabad-500 033
5.	S.Vanajatha	Promoter Group	Plot No. 205,Road No.14, Jubilee Hills, Hyderabad, Telangana-500033
6.	W.Malathi	Promoter Group	Plot No.265-G, Road No.10, Jubilee Hills, Hyderabad -500033
7.	N.Madhavi	Promoter Group	Plot No.553, Road No.27, Jubilee Hills, Hyderabad 500033
8.	P.V.Narsimha Reddy	Promoter Group	8-2-293/82/A 611, Road No.33, Jubilee Hills, Hyderabad -500033
9.	M/s.Andhra Pradesh Industrial Development Corporation Limited	Promoter Group	Fateh Maidan Road, Beside Income Tax Office, New MLA Quarters, Adarsh Nagar, Hyderabad, Telangana 500004
10.	M/s.Panchavati Polyfibres Limited	Promoter Group	Plot No.111, 4th Floor,Road No.10, Jubilee Hills, Hyderabad -500033
11.	M/s.Sagar Priya Housing & Industrial Enterprises Limited	Promoter Group	Plot No.205 Road No.16 Jubilee Hills Hyderabad,TG 500033 IN
12.	M/s.R V Consulting Services Private Limited	Promoter Group	Plot No.111, Road No.10, Jubilee Hills, Hyderabad -500033
13.	S.Siddarth	Promoter Group	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
14.	S.Aneesh Reddy	Promoter Group	Plot No. 854,Road No.44, Jubilee Hills, Hyderabad-500 033

f. The details of the Directors and Key Managerial Personnel ("KMP") of the Transferee Company as on the date of notice are as follows:

Sr. No.	Name of the Director/ KMP	DIN / PAN	Designation	Address
1.	Kolappa Thanu Pillai	00123920	Chairman and Independent Director	H.No.8-2-616, 2nd Floor, Akashganga Apartments, Block-B,Near Springfield School, Road No.11, Banjara Hills Hyderabad-500 034
2.	Anand Reddy Sammidi	00123870	Managing Director	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad, Telangana-500033
3.	Sreekanth Reddy Sammidi	00123889	Joint Managing Director	Plot No. 854,Road No.44, Jubilee Hills, Hyderabad-500 033
4.	Valliyur Hariharan Ramakrishnan	00143948	Independent Director	2A/1005,SMR Vinay City, Bollaram Road, Miyapur,Hyderabad-500 049
5.	Rachana Sammidi	01590516	Non-Executive Director	Plot No. 854,Road No.44, Jubilee Hills, Hyderabad-500 033
6.	John Eric Fernand Pascal Bertrand	06391176	Non-Executive Director	Avenue De LA Faisanderie 43, Woluwe Saint Pierre, Belgium - 1150 NA
7.	Jens Van Nieuwenborgh	07638244	Alternate Director to John Eric Bertrand	Clemenshoek,55/C, 2840 Rumst, Belgium 2840
8.	Rekha Onteddu	07938776	Independent Director	Plot No.630, Road No.35, Jubilee Hills, Hyderabad-500 033
9.	Sudha Rani Naga	09032212	Nominee Director(APIDC)	2-4-148, St.No.7, Opp.Hima Apartments, Barkatpura, Hyderabad-500 027 Telangana
10	Kolluru Prasad	AFQPK 6401G	Chief Financial Officer	H.No.4-6-90/17/2, Plot No.268, Tejaswi Nagar, Attapur, Rajendranagar, Rangareddy Dist.-500 048
11.	Rangaswamy Soundararajan	AFVPS 4638E	Company Secretary	Flat No.305, Sri Srinivasa Apartments, Deendayal Nagar, Neredmet, Secunderabad-500 056

The Transferor Company is the wholly owned subsidiary of the Transferee Company. The entire Share Capital of the Transferor Company is held by the Transferee Company and its nominee shareholders.

g. The equity shares of the company are listed on BSE Limited and National Stock Exchange of India Limited

h. There has been no change in the name and registered office of the Transferee Company during the last 5 years

IV. Salient features of the Scheme of Amalgamation

a. Amalgamation of the Transferor Company and the Transferee Company and with their respective shareholders under the Scheme.

b. Pursuant to the sanction of the Scheme by the Hon'ble Tribunal, the Scheme shall become effective from the Appointed Date but shall be operative from the Effective Date (as defined in the Scheme). The Appointed Date for the Scheme is 30th March, 2021 or any such other date as may be sanctioned by the Hon'ble Tribunal.

c. All assets and liabilities including Income Tax and all other statutory liabilities, if any, of the Transferor Company will be transferred to and vest in the Transferee Company.

d. The entire undertaking of the Transferor Company shall stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company to become the undertaking of the Transferee Company.

e. All the permanent employees of the Transferor Company in service on the Effective Date, if any, shall become the employees of the Transferee Company on and from such date without any break or interruption in service and upon terms and conditions not less favorable than those subsisting in the Transferor Company on the said date.

f. Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, no new share will be issued by the Transferee Company pursuant to the Scheme of Amalgamation.

Note: The above are the salient features of the Scheme. The Secured Creditros are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

V. Relationship subsisting between Parties to the Scheme

i. Transferor Company is a wholly owned subsidiary of the Transferee Company.

ii. Mr. K.Thanu Pillai, Mr.V.H.Ramakrishnan, Mrs.O.Rekha, Dr.S.Anand Reddy, Mr.S. Sreekanth Reddy and Ms.S.Sahithi are serving on the Board of Transferor Company. Further, Mr. R. Soundararajan is the Company Secretary of Transferor and Transferee Company and Mr.K.Prasad is the CFO of Transferor and Transferee Company.

iii. Mr. K.Thanu Pillai, Mr.V.H.Ramakrishnan, Mrs.O.Rekha, Dr.S.Anand Reddy and Mr.S. Sreekanth Reddy are serving on the Board of Transferor Company and Transferee Company.

Apart from the above, there is no other relationship between the Transferor Company, and the Transferee Company.

VI. Board Approvals

i. The Board of Directors of the Transferor Company-1, at its meeting held on 26th April, 2021, unanimously approved the Scheme as detailed below:

Sr. No.	Name of the Director	Voted in favour / against / did not participate or vote
1.	Kolappa Thanu Pillai	Voted in favour
2.	Anand Reddy Sammidi	Voted in favour
3.	Sreekanth Reddy Sammidi	Voted in favour
4.	Sammidi Sahithi	Voted in favour
5.	Valliyur Hariharan Ramakrishnan	Voted in favour
6.	Rekha Onteddu	Voted in favour

ii. The Board of Directors of the Transferee Company, at its meeting held on 26th April, 2021, unanimously approved the Scheme as detailed below:

Sr. No.	Name of the Director	Voted in favour / against / did not participate or vote
1.	Kolappa Thanu Pillai	Voted in favour
2.	Anand Reddy Sammidi	Voted in favour
3.	Sreekanth Reddy Sammidi	Voted in favour
4.	Valliyur Hariharan Ramakrishnan	Voted in favour
5.	Rachana Sammidi	Voted in favour
6.	Jens Van Nieuwenborgh (Alternate Director to John Eric Fernand Pascal Bertrand)	Voted in favour
7.	Rekha Onteddu	Voted in favour
8.	Sudha Rani Naga	Voted in favour

VII. Effect of Scheme on stakeholders

i. The Report of the Board of Directors of the Transferor Company,, pursuant to Section 232(2)(c) of the Act is attached hereto as **Annexure III. A.** The effect of the Scheme on various stakeholders is summarized below:

Category of Stakeholders	**Effect of the Scheme on the Stakeholder**
Equity Shareholders: Promoters and Non-Promoters of the Transferor Company.	a. The Transferor Company is a wholly owned subsidiary of the Transferee Company. The entire issued and paid-up equity share capital of the Transferor Company is held by the Transferee Company and its nominees. No shares of the Transferee Company shall be issued to the shareholders of the Transferor Company in lieu of the said amalgamation. b. Under the Scheme on and from the Effective Date, the shares held by the Transferee Company in the Transferor Company shall, on and from the end of the Transition Period, be cancelled or shall be deemed to have been cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly. c. There are zero non-promoter shareholders in the Transferor Company.
Board of Directors of the Transferor Company	Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up and accordingly the Board shall cease to exist.
Key Managerial Personnel	Dr.S.Anand Reddy is the Managing Director of Transferor and Transferee company Mr. R. Soundararajan is the Company Secretary of Transferor and Transferee Company and Mr.K.Prasad is the CFO of Transferor and Transferee Company. None of the Directors and Key Managerial Personnel of Sagar Cements (R) Limited and Sagar Cements Limited respectively have any material personal interest in the scheme, save to the extent of the shares held by the Directors / KMP in Sagar Cements (R) Limited, if any. Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up and accordingly the Key Managerial Personnel shall cease to exist.
Employees	a. Under Clause 16 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all permanent employees of the Transferor Company, on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees of the Transferor Company would in no way be affected by the Scheme. The services of the permanent employees of the Transferor Company will not be retrenched due to amalgamation b. The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the

	Scheme) shall be deemed to be contributions made by Transferee Company.
Creditors	a. Under the Scheme no arrangement is sought to be entered into between the Transferor Company and its secured and unsecured creditors. b. As per Clause 8 of the Scheme, all liabilities of the Transferor Company shall stand transferred to the Transferee Company c. The interest of the creditors of the Transferor Company shall not be impacted in any manner.
Debenture Holders and Debenture Trustee	Debenture Holder: International Finance Corporation Debenture Trustee: IDBI Trusteeship Services Limited The proposed Scheme does not involve any compromise or arrangement with the debenture holders or debenture trustee of the Transferor Company. As per Clause 8 of the Scheme, all liabilities of the Transferor Company shall stand transferred to the Transferee Company. The rights of the debenture holders or debenture trustee shall not be affected by the Scheme
Depositors and Deposit Trustee	As on date, the Transferor Company has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustee does not arise

ii. The Report of the Board of Directors of the Transferee Company, pursuant to Section 232(2)(c) of the Act is attached hereto as Annexure III. B. The effect of the Scheme on various stakeholders is summarized below:

Category of Stakeholders	**Effect of the Scheme on the Stakeholder**
Equity Shareholders: Promoters and Non-Promoters of the Transferee Company	As far as the equity shareholders of the Transferee Company are concerned (promoter shareholders as well as non-promoter shareholders), the amalgamation of Transferor Company and the Transferee Company will not result in dilution of holding of promoters/ promoter group in Transferee Company. The entire issued and paid-up equity share capital of the Transferor Company is held by the Transferee Company and its nominees. Accordingly, the shares held by the Transferee Company in the Transferor Company shall, on and from the date of effective date, be cancelled or shall be deemed to have been cancelled without any further act or deed, and accordingly, no shares of the Transferee Company shall be issued to the shareholders of the Transferor Company.
Board of Directors of the Transferee Company	Under the Scheme there is no effect on the Directors of the Transferee Company M/s. Sagar Cements Limited
Key Managerial Personnel	a. The Key Managerial Personnel of the Transferee Company shall continue as the Key Managerial Personnel of the Transferee Company after effectiveness of the Scheme on the same terms and conditions. b. Under the Scheme, no rights of the Key Managerial Personnel of the Transferee Company are being affected. Mr. R. Soundararajan is the Company Secretary of Transferor and Transferee Company and Mr.K.Prasad is the CFO of Transferor and Transferee Company. None of the Directors and Key Managerial Personnel of Sagar Cements (R) Limited and Sagar Cements Limited respectively have any material personal interest in the scheme, save to the extent of the shares held by the Directors / KMP in Sagar Cements (R) Limited, if any.

Employees	Under the Scheme, no rights of the staff and employees of the Transferee Company are being affected. The services of the staff and employees of the Transferee Company shall continue on the same terms and conditions prior to the proposed Scheme.
Creditors	a. Under the Scheme no arrangement is sought to be entered into between the Transferee Company and its secured and unsecured creditors. b. The interest of the creditors of the Transferee Company shall not be impacted in any manner
Debenture Holders and Debenture Trustee	As on date, the Company has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders and debenture trustee does not arise.
Depositors and Deposit Trustee	As on date, the Company has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustee does not arise.

VIII. Amounts due to Secured Creditors and Unsecured Creditors.

a. As on 30th June, 2021, there are 4 (four) secured creditors amounting to Rs.1,55,06,74,486 respectively and 208 (two hundred and eight) unsecured creditors amounting to Rs. 80,36,186 respectively in the Transferor Company.

b. As on 30th June, 2021, there are 3 (three) secured creditors amounting to Rs.2,60,51,79,851 respectively and 256 (two hundred fifty six) unsecured creditors amounting to Rs.54,57,74,655/- respectively in the Transferee Company.

c. **Details of capital/debt restructuring**: There shall be no debt restructuring envisaged in the Scheme. Other than as mentioned in Part III of the Scheme, the Scheme does not involve any capital restructuring. No shares are proposed to be issued by the Transferee Company, pursuant to the Scheme. There will be no change in post shareholding pattern of the Transferee Company. Hence, the pre-scheme shareholding pattern of the Transferor Company and Transferee Company are given below:

i. Pre-scheme shareholding pattern of the Transferor Company as on 31st March, 2021:

Category of the shareholder	**No. of equity shares of Rs. 10/-**
Body Corporate (M/s.Sagar Cements Limited)	11,59,62,925 equity shares of Rs.10/- each

* Includes 7 nominee shareholders holding 1equity share each on behalf of M/s. Sagar Cements Limited.

ii. Pre-scheme shareholding pattern of the Transferee Company as on 31.03.2021:

Sr. No	**Category of Shareholder(s)**	**Fully Paid Up Shares and Voting Rights**	
		No of Shares	**% Holding**
A	**Promoter and Promoter Group**		
	1 Indian	14	11815552
	2 Foreign	-	-
	Total Shareholding of Promoter and Promoter Group (A)	**14**	**11815552**
B	**Public**		
	1 Institutions	29	3526276
	2 Non-Institutions	14159	8158172
	Total Public Shareholding (B)	**14188**	**11684448**

C	Shares held by Custodians and against which Depository Receipts have been issued (C)	-	-
	Grand Total= A + B + C	**14202**	**23500000**

IX. AUDITORS' CERTIFICATE ON CONFORMITY OF ACCOUNTING TREATMENT IN THE SCHEME WITH ACCOUNTING STANDARD

The Statutory Auditors of the Transferee Company viz. Deloitte Haskins and Sells vide their certificate dated 27th April, 2021 have confirmed that the accounting treatment specified in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act.

X. APPOINTED DATE, EFFECTIVE DATE, SHARE EXCHANGE RATIO AND OTHER CONSIDERATIONS

a. **Appointed Date:** means 30th March, 2021 or such other date as may be approved by the Hon'ble Tribunal.

b. **Effective Date:** means the date on which certified copies of the orders of the Hon'ble Tribunal are filed with RoC, Hyderabad, after the last of the approvals or events specified under Clause 26 of Part III of this Scheme are satisfied or fulfilled or obtained or have occurred or the requirement of which has been waived (in writing) in accordance with this Scheme.

c. **Share Exchange Ratio**: As the Transferor Company is a wholly owned subsidiary of the Transferee Company, no new shares will be issued by the Transferee Company pursuant to the Scheme of Amalgamation. Accordingly, Report on Valuation of Shares and Share Exchange Ratio is not required/ applicable.

d. **Record Date:** Not applicable.

e. **Other Scheme details**: The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled.

f. No investigation proceedings have been instituted and/or are pending against the Transferor Company and the Transferee Company under the Act.

g. No cash or other consideration is proposed under the Scheme.

XI. NON-APPLICABILITY OF VALUATION REPORT AND FAIRNESS OPINION

As the Transferor Company is wholly owned subsidiary of the Transferee Company, no new share will be issued by the Transferee Company pursuant to the Scheme of Amalgamation. Therefore, there will be no change in the shareholding patterns of the Company and the Transferee Company pursuant to the Scheme. Accordingly, Report on Valuation of shares and fairness opinion is not required/ applicable.

XII. APPROVALS AND ACTIONS TAKEN IN RELATION TO THE SCHEME

a. The Scheme was placed before the Audit Committee of the Transferee Company at its meeting held on 26th April, 2021. The Audit Committee, inter alia, recommended the Scheme to the Board of Directors of the Company for its favourable consideration.

b. The Scheme was placed before the Board of Directors of the Transferee Company, at its meeting held on 26th April, 2021. Based on the report submitted by the Audit Committee recommending the draft Scheme, the Board of Directors of the Company approved the Scheme.

c. The Transferee Company is listed on two Stock Exchanges viz. BSE and NSE. It may, however, be noted that since the Scheme solely provides for amalgamation of the Wholly Owned Subsidiaries with its Holding Company, no formal approval, NOC or vetting is required from the Stock Exchange(s) or SEBI for the Scheme, in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2017, SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 and other applicable provisions, if any.

d. The Transferee Company has already filed copy of the Scheme of Amalgamation and other requisite documents, if any, with BSE and NSE.

e. The present Scheme of Amalgamation, if approved in the aforesaid meetings, will be subject to the subsequent approval of the Hon'ble National Company Law Tribunal, Hyderabad Bench, Hyderabad. No specific approval is required to be obtained from any other government authority to the present Scheme of Amalgamation.

f. A copy of the Scheme has been filed with the Registrar of Companies, Hyderabad.

XIII. Inspection of Documents

In addition to the documents annexed hereto, the electronic copy of the following documents will be available for inspection in investors relations section of the website of the Company i.e.www.sagarcements.in

a. Memorandum and Articles of Association of the Transferor Company and the Transferee Company.

b. Audited Financial Statements of the Transferor Company for the financial years ended 31st March 2020 and 31st March 2021

c. Audited standalone and consolidated Financial Statements of the Transferee Company for the financial years ended 31st March 2020 and 31st March 2021.

d. Copy of the Scheme.

e. Copy of order dated 28th October, 2021 passed in the Company Scheme Application No. CA(CAA)NO.37/230/HDB/2021 by the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad directing, inter-alia, the calling, convening and conducting of the meeting of the equity shareholders, secured and unsecured creditors of the Company.

f. Certificates issued by then Statutory Auditors of the Transferee Company stating that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Act.

A copy of the Scheme, this notice, Explanatory Statement, may be downloaded from the website of the Company at www.sagarcements.in

Based on the above and considering the rationale and benefits, in the opinion of the Board, the Scheme will be of advantage to, beneficial and in the interest of the Company, its shareholders, creditors and other stakeholders and the terms thereof are fair and reasonable. The Board of Directors of the Company recommend the Scheme for approval of the Secured Creditors. The Directors and KMPs, as applicable, of the Transferor Company and of the Transferee Company, and their relatives do not have any concern or interest, financially or otherwise, in the Scheme except as shareholders in general.

B.Venkata Prasad, Advocate
Chairman appointed by Hon'ble NCLT
for the Meeting of Secured Creditors

Hyderabad, November 05, 2021

ANNEXURE I

SCHEME OF AMALGAMATION

OF

SAGAR CEMENTS (R) LIMITED
(TRANSFEROR COMPANY)

WITH

SAGAR CEMENTS LIMITED
(TRANSFEREE COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS UNDER SECTIONS 232 READ WITH 230 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013

1. PREAMBLE

This Scheme of Amalgamation (hereinafter referred to as "Scheme") is presented under Sections 232read with Section 230and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof, if any] for the amalgamation of Sagar Cements (R) Limited (**"Transferor Company"**) (hereinafter referred to as the **"Transferor Company"**) with Sagar Cements Limited [hereinafter referred to as the **"Transferee Company"**].

The Transferor Company is a wholly owned subsidiary of the Transferee Company since the Transferee Company along with its nominees holds the entire paid up share capital of the Transferor Company.

2. RATIONALE FOR THE SCHEME

Currently, Transferor Company is engaged in the business of manufacturing of cements and generation of power at its manufacturing unit at Gudipadu village, Anantapur District, Andhra Pradesh and doing the same business activity of Transferee Company.

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

The Board of Directors of the Transferor Company and the Transferee Company envisages the following benefits pursuant to the Amalgamation of the Transferor Company with the Transferee Company:

The Merger of the Transferor Company with the transferee Company it would also have the following benefits:

2.1 Reduction in the cost of overheads and improvement in professional management.

2.2 Reduction in multiplicity of legal and regulatory compliances and simplification of group structure.

2.3 Enhance the scale of operations thereby providing significant impetus to the growth of the Companies, since they are engaged in line of business that could draw upon synergies between the Transferor Company and the Transferee Company.

2.4 Consolidation of Transferor Company with the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital and improved financial structure.

2.5 The benefit of consolidation of financial resources, managerial and technical expertise of the Transferor Company and the Transferee Company shall be available to the Transferee entity leading to the overall optimization of operational and administration costs.

2.6 The amalgamation will rationalize and optimize the group legal entity structure to ensure greater alignment of the businesses by reducing number of legal entities and also statutory compliances.

2.7 will achieve synergies in business activity, consolidation, focused attention, centralized administration, economy of operation, integrated business approach and greater efficiency.

In order to achieve the above objectives, the Board of Directors of the Transferor Company and the Transferee Company at their respective meetings have approved the proposed Scheme of Amalgamation and have decided to make the requisite applications to the National Company Law Tribunal ('NCLT') under Section 230 and 232 of the Companies Act, 2013, for the sanction of this Scheme of Amalgamation of the Transferor Company with the Transferee Company. This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

There are no proceedings/investigation pending against the Transferor Company and the Transferee Company under Section 210 of the Companies Act, 2013.

PARTS OF THE SCHEME

This Scheme of Amalgamation is divided into the following parts:

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

a) **PART I -** Deals with definitions, interpretation, date of the Scheme coming into effect, incorporation, share capital and main objects of the Transferor Company and the Transferee Company.

b) **PART II -** Deals with amalgamation of business of the Transferor Company with the Transferee Company, legal proceedings, conduct of business till the Effective Date, Consideration, Accounting Treatment in the books of the Transferee Company and other matters consequential and incidental thereto.

c) **PART III -** Deals with dissolution of the Transferor Company, application to the NCLT, general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and incidental thereto.

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

PART - I

3. DEFINITIONS

In this Scheme (as defined hereafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meanings as mentioned herein below:

3.1 **"Act"** means the Companies Act, 2013 [as amended including any statutory modification(s) or re-enactment(s) or amendment(s) thereof] and Rules and Regulations made thereunder, for the time being in force, and which may relate or are applicable to the amalgamation;

3.2 **"Applicable Laws"** means any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, listing regulations, approval of any competent authority, directive, notification, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any competent authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;

3.3 **"Appropriate Authority"** means and includes any Governmental, Statutory, Departmental or Public Body or Authority, including Registrar of Companies, Regional Director, Official Liquidator, Securities and Exchange Board of India, Stock Exchanges and National Company Law Tribunal or such other Sectoral Regulators or authorities as may be applicable;

3.4 **"Appointed Date"** for the purpose of this Scheme and the Income Tax Act,1961 (hereinafter referred to as "IT Act") means 30th March, 2021 or such other date as the NCLT may direct or approve under the relevant provisions of the Act;

3.5 **"Board of Directors" or "Board"** shall mean Board of Directors of the Transferor Company or Transferee Company, as the case may be or any committee thereof duly constituted or any other person duly authorised by the Board for the purpose of this Scheme;

3.6 **"Effective Date"** means the date on which certified copies of the orders of the NCLT are filed with RoC, Hyderabad, after the last of the approvals or events specified under Clause 26 of Part III of this Scheme are satisfied or fulfilled or obtained or have occurred or the requirement of which has been waived (in writing) in accordance with this Scheme. References in this Scheme to "Upon this Scheme becoming effective" or "Coming into Effect of this Scheme" or "Upon this Scheme Coming into effect" or other like expressions shall mean Effective Date;

3.7 **"Encumbrance" and its co-related words "Encumbered"** means (a) any mortgage, pledge, lien, charge (whether fixed or floating), hypothecation, assignment, deed of trust, title retention, right of set-off or counterclaim, security interest, security letter conferring any priority of payment in respect of, any obligation of any Person; (b) purchase or option

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

agreement or arrangement, right of first refusal, right of first offer, restriction on voting; (c) subordination agreement or arrangement; (d) agreements to create or effect any of the foregoing; (e) interest, option, or transfer restriction in favour of any Person; (f) any adverse claim as to title, possession or use and (g) any encroachment on immovable properties;

3.8 **"Financial Statements"** means the annual accounts (including balance sheet, cash flow statement and profit and loss account) of the Transferor Company and/or Transferee Company;

3.9 **"GST Regulations"** means applicable provisions of the Central Goods and Services Tax Act, 2017 and/or the Integrated Goods and Services Tax Act, 2017 and/or respective State Goods and Services Tax Act and/or the Union Territory Goods and Services Tax Act, 2017 along with the applicable rules made thereunder;

3.10 **"INR"** means Indian Rupees;

3.11 **"IT Act"** means the Income-Tax Act, 1961 or any statutory modification or re-enactment thereof and the rules made thereunder;

3.12 **"Listing Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any statutory modifications, re-enactment or amendment thereof to the extent in force;

3.13 **"NCLT"** means the National Company Law Tribunal, Hyderabad Bench at Hyderabad;

3.14 **"Proceedings"** shall have the meaning ascribed under the scheme;

3.15 **"RoC"** means the Registrar of Companies, Telangana at Hyderabad, having jurisdiction over the State of Telangana, India;

3.16 **"Scheme" or "this Scheme" or "Scheme of Amalgamation"** means this Scheme of Amalgamation in its present form approved by the Board of each of the Transferor Company and the Transferee Company as submitted to the NCLT with any modification(s) made under Clause 21 of this Scheme or with such other modifications or amendments as the NCLT may direct, as may be approved for sanction by the NCLT;

3.17 **"Stock Exchanges"** means BSE Limited and National Stock Exchange of India Limited collectively;

3.18 **"Transferee Company" means "Sagar Cement Limited"** and has the meaning ascribed to it under Clause 6.2 of this Scheme;

3.19 **"Transferor Company"** means Sagar Cements (R) Limited and has the meaning ascribed to it under Clause 6.1 of this Scheme;

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

3.20 **"Transition Period"** means period starting from the date immediately after the Appointed Date till the last of the date on which all the conditions stipulated in Clause 26 of this Scheme are fulfilled;

3.21 **"Undertaking of Transferor Company"** shall mean all the undertaking(s) and entire business(s) of the Transferor Company as a going concern, including, without limitation:

(a) all the assets and properties, both movable and immovable, and amounts receivable or belonging to the Transferor Company as on the Appointed Date;

(b) all the present employees engaged by the Transferor Company, as on the Effective Date;

(c) all debts, liabilities (including contingent liabilities, present and /or future), duties and obligations of the Transferor Company as on the Appointed Date; and includes all reserves, movable and immovable properties (real and personal, tangible or intangible, freehold or leasehold, corporeal and in-corporeal, in possession, or in reversion, present and contingent of whatsoever nature, wherever situated) and assets without being limited to all its lands, roads, buildings, plant and machinery, office equipment, accessories, vehicles, electrical installations, cash in hand, amounts held with the lenders/banks to the credit of the Transferor Company and all other assets of the Transferor Company, including all investments whether in securities, shares, stocks, scrips, debentures or otherwise, deposits, earnest monies/ security deposits or entitlements in connection with or relating to this business undertaking, as per records of the Transferor Company, claims, powers, authorities, allotments, all statutory licenses, approvals (including the approvals granted by any regulatory authority under any of the Laws, consents, registration, contracts, engagements, arrangements, rights, titles, interests, benefits, advantages, leasehold rights, tenancy rights, other intangibles, industrial and other licenses, permits, authorizations, quota rights, trademarks, patents and other industrial and intellectual property rights, all other rights (including but not limited to right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), import quotas, sundry debtors, inventories, bills of exchange, deposits, loans and advances, agencies of the Transferor Company, rights and benefits of and under all agreements, contracts and arrangement, memoranda of understanding, expressions of interest whether under agreement or otherwise and all other interests in connection with or relating to the Transferor Company and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approval of whatsoever nature including but not limited to benefits of all tax reliefs, deductions, exemptions, including, under the IT Act or any other applicable taxation law, including credit for advance tax (including foreign tax credit, TDS credit, minimum alternative tax credit), taxes deducted and deposited at source, including carried forward losses of all

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

types under the IT Act including unabsorbed depreciation as per books/MAT computation, CENVAT Credit/VAT/sales tax credits/credit under the GST regulations, service tax credits, deductions for contribution towards provident fund, gratuity fund, superannuation fund and any other special employee related funds, bonus and other incentives paid to employees, sales tax set off, deduction for any tax, duty, cess or fee paid, whether or not allowable as a deduction under section 43B or 40(a) of the IT Act, all necessary records, files, papers, engineering and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records in connection with or relating to the Transferor Company, whether in physical or electronic form.

4. INTERPRETATION OF THE SCHEME

In this Scheme, unless the context otherwise requires:-

4.1 References to persons shall include individuals, bodies corporate (wherever incorporated), and unincorporated associations and partnerships.

4.2 The headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are inserted for ease of reference only and shall not form part of the operative provisions of this Scheme and shall not affect the construction or interpretation of this Scheme

4.3 Words in the singular shall include the plural and vice versa.

4.4 The provisions of this Scheme have been drawn up to comply with the conditions relating to amalgamation. If any terms or provisions of this Scheme are found or interpreted to be inconsistent with the provisions of the amalgamation in terms of Section 2(1B) of the IT Act at a later date or defeats the objects of the amalgamation contemplated herein, including resulting from an amendment of Applicable Laws or for any other reason whatsoever, the provisions of the amalgamation under the IT Act shall prevail and this Scheme shall stand modified to the extent determined necessary to comply with the provisions of the amalgamation under the IT Act and the objects sought to be achieved by this Scheme. Such modifications will however, not affect the other parts of this Scheme.

4.5 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other Applicable Laws.

5. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective and operative from the Appointed Date.

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

6. DESCRIPTION OF COMPANIES

6.1 Transferor Company or Sagar Cements (R) Limited:

6.1.1 **Sagar Cements (R) Limited** a Public Limited Company, bearing CIN: U26942KA2007PLC043746 was originally incorporated on 30thAugust, 2007 under the name and style of M/s BMM Cements Limited in the State of Karnataka. Later on, the Company had changed its name to Sagar Cements (R) Limited after passing necessary resolutions and a fresh certificate of incorporation was issued by the Registrar of Companies, Karnataka, on 28th day of March, 2017. Later on the Company had changed its registered office from the State of Karnataka to State of Telangana by virtue of passing a special resolution on 27.03.2019 and after obtaining necessary approval from the Regional Director, South East Region, Hyderabad dated 21st June, 2019. The Registrar of Companies, Telangana at Hyderabad, issued a fresh certificate of incorporation on 24.07.2019 under the CIN: U40300TG2007PLC134320.The 'Transferor Company' has its registered office presently at Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500033,Telangana, India. The 'Transferor Company 'is engaged in the business of manufacturing, producing, processing, and dealing in cement and generation of power and their ancillaries etc.,

6.1.2 The details of the share capital of the 'Transferor Company' is given below:

<u>Share Capital as on 31st March, 2020</u>

Particulars	Amount In INR
Authorised Share Capital	
10,70,00,000 Equity Share of INR 10each	107,00,00,000
4,30,00,000 Preference Shares of INR 10 each	43,00,00,000
Total	150,00,00,000
Issued, subscribed and fully paid up shares	
10,38,12,925 Equity Share of INR 10each	103,8129,250
4,30,00,000 Preference Shares of INR 10 each	43,00,00,000
Total	146,8129,250

Subsequent to 31stMarch, 2020, the Authorised share capital of the company has been increased from Rs.150,00,00,000/- divided into 10,70,00,000 (Ten Crores Seventy Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 4,30,00,000 (Four Crores Thirty Lakhs) Preference Shares of Rs.10/- (Rupees Ten Only) each to Rs.159,00,00,000/- divided into 11,60,00,000 Equity Shares of Rs.10/- each and 4,30,00,000 Preference Shares of Rs.10/- each. vide Special resolution dated 21.12.2020.

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

The company has issued and allotted 1,21,50,000 equity shares of Rs. 10/- each on Rights basis on 04.02.2021

6.1.3 The Main Objects of the 'Transferor Company' as provided in the Clause III of its Memorandum of Association is given below:

1. To carry on business as manufacturers, producers, processors, refiners, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, stockiest, agents, sub-agents, distributors or otherwise deal in all types and kinds of cements like ordinary, white, colors, Portland, Pozzolana Aluminum, blast furnace, Silica and all other varieties of cements, lime and limestone, clinker and/or by-products thereof, as also cement products of any or all descriptions, such as pipes, poles, slabs, bricks, asbestos, sheets, blocks, tiles, garden ware, plaster of Paris, limepipes, building materials and otherwise and articles, things compounds and preparations connected with the aforesaid products and in connection therewith to take on lease or otherwise acquire, erect, construct, establish, work, operate and maintain factories, quarries, mines and workshops.

2. To manufacture, sell, purchase, import, export or otherwise deal in all machinery used for the extraction of clay or other minerals, and all materials and components needed for the repair and maintenance of such machinery

3. To carry on business as manufacturers of bricks, tiles, paving slabs, pipes, pottery, earthenware, china and similar goods and to acquire the freehold or other interest in any land from which may be extracted clay or any other substance require for the said purposes.

4. To carry on business as manufacturers, producers, processors, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, distributors or otherwise deal in chemical and chemical compounds in all forms that can be used in connection with cements and cement products.

5. To carry on the business of manufacturing, producing, casting, procuring, mastering, buying, selling, converting and in other ways dealing in all types of steels, steels castings, iron steels, ally, ingots, slabs, sheets, strips, rounds, bars, flats, sections and shapes, brass, copper, aluminum, stainless steels and other non ferrous metals, to distill refine or produce zinc, zinc oxide, zinc chloride.

6. To promote, own, run, install, takeover or set up power plant of any kind to generate, receive, improve, buy, sell, resell, acquire, use, transmit, accumulate, employ, distribute, develop and to undertake co-generation of electric power.

6.2 **Transferee Company**

6.2.1 **Sagar Cements Limited (Transferee Company)** a Public Limited Company, bearing CIN: L26942TG1981PLC002887 was incorporated on 15th January, 1981under the name and style of M/s Sagar Cements Limited in the then State of Andhra Pradesh (now the State

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

of Telangana by virtue of A.P. State Re-organisation Act, 2014). The 'Transferee Company' has its registered office presently at Plot No. 111, Road No.10, Jubilee Hills, Hyderabad – 500033, Telangana, India. The 'Transferee Company' is engaged in the business of manufacturing, producing, processing, and dealing in cement and their ancillaries etc.,

6.2.2 The details of the share capital of the 'Transferee Company'is given below:-

Share Capital as on 31st March, 2020

Particulars	Amount In INR
Authorised Share Capital 2,35,00,000 Equity Shares of INR 10each	23,50,00,000
Total	23,50,00,000
Issued, subscribed and fully paid up shares 2,22,75,000 Equity Shares of INR 10 each	22,27,50,000
Total	22,27,50,000

Subsequent to 31stMarch, 2020, - the company has allotted 12,25,000 equity shares of Rs.10/-each on 20.07.2020 against conversion of 12,25,000 outstanding convertible warrants.

6.2.3 The Main Objects of the 'Transferee Company' as provided in the Clause 5 of its Memorandum of Association, are:

1. To produce, manufacture, refine, prepare, process, purchase, import, export, sell and generally to deal in all kinds of Cement, Cement products of any description, limestone, gypsum, kankar and/or byproducts thereof and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other work relating thereto.

2. To fabricate, manufacture and deal in all kinds of cement plants, apparatus, mining equipment, tools, utensils and materials and things necessary or convenient for carrying on the manufacture of cement and mining operations.

3. To own, explore, take on lease, or otherwise acquire any area, mining lease, quarries and to do all such other acts and deal in all such other things as may be conducive to and allied to the business of the company.

4. To carry on the business of buying and selling cement, bricks, limestone, sand or other earthy material or manufactured product such as titles, pavement and roofing materials. To deal in lime, plaster, clay, coke, fuel, timber, artificial stone and builders requisites and appliances.

5. To acquire the quarries and mines of Granite and Marble and all kinds of other stones and quarry the same directly or through contractors and to act as dealers, distributors, merchants, exporters, importers, stockists and agents of raw finished, semi-finished granite and marble stones including polished or flamed tiles, panels and tomb stones.

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

6. To carry on the business as manufacturers, dealers, distributors, exporters, and importers, stockists, and agents of high-tech building materials like, mortars, glues, gouts, for installation of tiles, pavers, bricks, marbles, water proofing membranes, rapid hardening compounds, nonshrinkable compounds, anticorrosive compounds and plain and corrugated sheets used in building construction by importing technology, know-how by foreign collaboration or indigenously.

7. To carry on the business as manufacturers, dealers, distributors, exporters, and importers, stockists, and agents of all types of non-explosive demolishing agents used in mining, quarrys, and construction works and for demolition of concrete and civil works, by importing technology, know-how by foreign collaboration, or indigenously.

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.

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

PART – II

AMALGAMATION OF TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

7. TRANSFER OF UNDERTAKING(S) OF THE TRANSFEROR COMPANY

7.1 General

Upon this Scheme coming into effect and with effect from the Appointed Date defined in Clause 3..4 in Part I of the Scheme, the undertaking(s) of the Transferor Company shall, pursuant to the sanction of this Scheme by the NCLT and in accordance with section 2(1B) of the IT Act and Section 232 read with Section 230 and other applicable provisions, if any, of the Companies Act, 2013, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concerns without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme.

7.2 Transfer of Assets

7.2.1 Without prejudice to the generality of Clause 7.1 above, upon coming into effect of this Scheme and with effect from the Appointed Date:

(a) All assets and properties (more specifically described in Annexure A to this Scheme) comprised in the Undertaking(s) of the Transferor Company, of whatsoever nature and wheresoever situated, shall, under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act or deed be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the assets and properties of the Transferee Company provided that Board of Directors of the Transferee Company shall be entitled, at its discretion and as may be advised or considered fit, expedient or necessary, to determine the classification/ reclassification and treatment of any or all of the assets transferred to and vested in the Transferee Company pursuant to this Scheme.

(b) Without prejudice to the provisions of sub-clause (a) above in respect of such of the assets and properties of the Transferor Company, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of its Undertakings without requiring any deed or instrument or conveyance for the same.

(c) In respect of the movables other than those dealt with in sub-clause (b) above including sundry debtors, receivables, bills,

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credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be recovered, bank balances, investments, subsidy receivable, earnest money and deposits with any Government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may if it so deems appropriate, give notice in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that the said debt, loan, advance, balance or deposit stand transferred and vested in the Transferee Company).

(d) All the licenses, permits, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, customer registrations, customer approvals, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or deemed to be transferred to and vested in or be available to the Transferee Company so as to become as and from the Appointed Date, licenses, permits, quotas, approvals, permissions, registrations, incentives, sales tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, customer registrations, customer approvals, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

(e) All assets and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Companies, and all assets and properties, which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be the properties of the Transferee Company and shall under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be vested in and be deemed to have been vested in the Transferee Company upon the coming into effect of this Scheme.

7.2.2 Where the Transferor Company are entitled to any benefits under incentive schemes and policies and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies shall be transferred to and vested in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, including sales tax concessions and incentives, shall be claimed by the

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Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under the incentive schemes were made available to the Transferor Companies.

8. TRANSFER OF LIABILITIES

8.1 Upon the Scheme coming into effect and with effect from the Appointed Date, all liabilities relating to and comprised in the Undertaking(s) of the Transferor Company including all debts, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and however arising, raised or incurred or utilized for business activities and operations along with any charge, encumbrances, lien or security thereon (hereinafter referred to as "Liabilities") shall, pursuant to coming into effect of the Scheme and under the provisions of Section 232read with Section 230 and all other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company. Such liabilities shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as from the Appointed Date, the Liabilities of the Transferee Company, on the same terms and conditions as were applicable to the Transferor Companies. The Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this clause.

8.2 All debts, liabilities, duties and obligations of the Transferor Company shall, as on the Appointed Date, whether or not provided in the books of the Transferor Companies, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.

8.3 Where any such debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged after the Appointed Date and prior to the Effective Date by the Transferor Company, such discharge shall be deemed to be for and on account of the Transferee Company.

8.4 All loans raised and utilized and all liabilities, duties and obligations incurred or undertaken by the Transferor Company after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Section 232 read with Section 230 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed be and stand transferred to or vested in or deemed to

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have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

8.5 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any such inter-company loans, advances and other obligations with effect from the Appointed Date.

8.6 The Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further, or additional security therefore after the amalgamation has become effective or otherwise.

8.7 The Transferor Company shall ensure to comply with all the applicable laws and the officers in default of the Transferor Company shall not be absolved of their statutory liability prior to the amalgamation.

9. ENCUMBRANCES

9.1 The transfer and vesting of the assets comprised in the Undertaking(s) of the Transferor Company respectively to and in the Transferee Company under Clause 7.1 and Clause 8.1 of this Scheme shall be subject to the mortgage and charges, if any, affecting the same as hereinafter provided.

9.2 All the existing securities, charges, encumbrances or liens (hereinafter referred to as "Encumbrances"), if any, created by the Transferor Company after the Appointed Date, in terms of the Scheme, over the assets comprised in their respective Undertakings or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to Liabilities of the Transferor Companies, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company. Provided however that while all existing charges on the assets against loans obtained, if any, by the Transferor Company would be transferred pursuant to this Scheme, the Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged or required to create any further or additional security therefore after the amalgamation has become effective or otherwise.

9.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of

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the Transferee Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.

9.4 Any reference in any security documents or arrangements (to which Transferor Company are party) to the Transferor Company and in assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Company as the case maybe and the Transferee Company may execute any instruments or documents or do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

9.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to it in terms of the Scheme.

9.6 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

9.7 The provisions of the Clause 7.2 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writing shall stand modified and/or superseded by the foregoing provisions.

9.8 The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute Deeds of Confirmation in favour of the creditors of the Transferor Company or in favor of any other party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Companies, required to be carried out or performed.

10. TAXES

10.1 On and from the Appointed Date, if any certificate for Tax Deducted at Source or any other tax credit certificate relating to any Transferor Company is received in the name of any Transferor Company it shall be deemed to have been received by the Transferee Company, which alone shall be entitled to claim credit for such tax deducted or paid.

10.2 All taxes (including, without limitation, income tax, excise duty, customs duty, service tax, taxes paid under Goods and Service Tax regulations or

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under any other law which may come into force) paid or payable by any Transferor Company from the Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, customs duty, service tax, VAT, taxes paid under GST regulations or under any other law which may come into force), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt accordingly. This is notwithstanding that challans or tax payment certificates are in the name of the Transferor Company and not in the name of the Transferee Company.

10.3 Any tax liabilities under the IT Act, Customs Act, 1962, Central Excise Act, 1944, GST regulations or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Transferor Companies, to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, shall be transferred to the Transferee Company.

10.4 It is further provided that upon the Scheme coming into effect, all taxes payable by the Transferor Company and all or any refunds and claims, from the Appointed Date shall, for all purposes, be treated as the tax liabilities or refunds and claims, as the case may be of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferor Company and the Transferee Company are also expressly permitted to revise their Financial Statements, respective Income Tax Returns, TDS Returns, other tax/ statutory returns and to claim refunds, subsidy receivable, advance tax and withholding tax credits, benefits of credit for minimum alternative tax and carry forward of accumulated depreciation and losses as per books, if any, etc. pursuant to the provisions of this Scheme. In other words, all existing and future incentives, unavailed credits and exemptions, carried forward losses of all types under the IT Act including unabsorbed depreciation for the purpose of minimum alternative tax computation and other statutory benefits and credit for minimum alternative tax under the IT Act, excise (including Modvat/Cenvat), customs, taxes under GST regulation etc. to which the Transferor Company are entitled to shall be available to and vest in the Transferee Company.

10.5 In accordance with the Cenvat Rules framed under the Central Excise Act, 1944, GST regulations as per prevalent on the Effective Date and any other indirect tax as may be prevalent on the effective date, the unutilized credits relating to the VAT, GST paid on inputs/work-in-progress/capital goods lying in the accounts of the Transferor Companies, service tax credits, GST credits and any other indirect tax credits shall be permitted to be transferred to the credit of the Transferee Company as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty, amount payable under GST regulation or any other tax liability as may be permissible under the respective laws.

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10.6 Upon the Scheme coming into effect, the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the IT Act (including for minimum alternate tax purposes and tax benefits), service tax law, GST regulations and other tax laws, and to claim refunds and/or credits for taxes paid (including minimum alternate tax), and to claim tax benefits under the IT Act which includes but not limited to the amount disallowed in the hands of the Transferor Company under Section 43B or 40(a) of the IT Act for the financial years prior to the Appointed Date shall be eligible to be claimed by the Transferee Company on fulfillment of the conditions as laid down in Section 43B or 40(a) of the IT Act etc. and other tax laws and for matters incidental thereto, if required to give effect to the provisions of this Scheme.

11. EFFECT OF SCHEME

The Scheme shall not have any adverse effect on any key managerial personnel, directors, promoters, non-promoter members, creditors or any employee, if any, of the Transferor Company or the Transferee Company. The Scheme shall also not have any effect on material interests of any of directors and key managerial personnel of Transferor Company or the Transferee Company. As stated above, any outstanding amounts payable by the Transferor Company shall stand transferred onto the Transferee Company and shall be payable by the Transferee Company. Further, the services of all transferred employees, if any, and managerial personnel of the Transferor Company to the Transferee Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and / or liabilities.

12. INTER-SE TRANSACTIONS

Without prejudice to the provisions of Clause 7 above, with effect from the Appointed Date, all inter-party transactions/arrangements between the Transferor Company as the case maybe and the Transferee Company shall be considered as intra-party transactions/arrangements for all purposes. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between the Transferor Company inter-se and/or the Transferee Company, the obligations in respect thereof or any other arrangements shall come to an end. Any tax payment whether by way of deduction at source, advance tax or otherwise howsoever, on such intercompany transaction(s)/payment(s) post the Appointed Date by either of the Transferor Company shall be deemed to be advance tax paid by the Transferee Company. There shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

13. CONTRACTS, DEEDS, LICENSES ETC.

13.1 Upon the Scheme coming into effect and subject to the provisions hereof, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature to which the Transferor Company as the case maybe are a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or

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have effect immediately before the Appointed Date, shall continue in full force and effect on or against or in favour of, as the case may be, and be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been party or beneficiary or oblige thereto or thereunder.

13.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangements to which the Transferor Company are party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

13.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, rights, statutory licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of any of the Transferor Company shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Government Authorities as may be necessary in this behalf.

13.4 Upon the coming into effect of this Scheme and with effect from the Appointed Date, any statutory licenses, leasehold rights, permissions or approvals or consents held by the Transferor Company and required to carry on operations or any business of the Transferor Company shall stand vested in or transferred to the Transferee Company, without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. Statutory and regulatory permissions, licenses, registrations, leasehold rights, environmental approvals and consents including statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in and become available to the Transferee Company pursuant to the Scheme. Any no-objection certificates, licenses, permissions, consents, approvals, authorizations, registrations or statutory rights as are held by the Transferor Company shall, as far as practicable and permitted, be deemed to constitute licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of the Transferee Company, and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the merger, so as to facilitate the continuation of operations of the Transferor Company in the Transferee Company without

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any hindrance or let from the Appointed Date. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such documents or perform such actions to obtain aforesaid approvals or permissions.

14. LEGAL PROCEEDINGS

On and from the Appointed Date, all suits, actions and legal proceedings (hereinafter referred to as **'Proceedings'**) by or against the Transferor Company arising on or before the Effective Date shall be continued and/or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Transferor Company with any union/employee of the any Transferor Companies.

15. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

15.1 With effect from the Appointed Date and up to and including the Effective Date:

(a) The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of their respective Undertaking(s) on account of, and for the benefit of and in trust for, the Transferee Company.

(b) All profits or incomes accruing or arising to the Transferor Companies, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profit and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrued as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Transferee Company.

(c) All assets howsoever acquired by the Transferor Company for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company.

(d) All taxes (including income tax, excise duty, customs duty, GST etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of their respective businesses before the Appointed Date, shall be deemed to be on account of the Transferee Company and, in so far as it relates to tax payment (including, without limitation, excise duty, custom duty, income tax, GST, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of their respective businesses after the Appointed Date, the same shall be deemed to be the corresponding amount paid by the Transferee Company and shall, in all proceedings be dealt accordingly.

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(e) Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Companies, for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to their Undertaking that has been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent of the Transferee Company.

15.2 With effect from the date of filing of this Scheme with the NCLT and up to and including the Effective Date:

(a) The Transferor Company shall preserve and carry on its business and activities with reasonable diligence and business prudence and shall not undertake any financial commitments of any nature whatsoever, borrow any amounts nor incur any liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with their respective Undertakings or any part thereof save and except in each case in the following circumstances:

(i) if the same is in its ordinary course of business as carried on by it as on date of filing of this Scheme with the NCLT; or
(ii) if the same is permitted by this Scheme; or
(iii) if the same is with respect to any contracts/ agreement/ arrangements / obligation subsisting as on the date of filing of this Scheme with the NCLT; or
(iv) if consent of the Transferee Company has been obtained.

(b) Without the prior consent of the Transferee Company, the Transferor Company shall not take, enter into, perform or undertake, as applicable (i) any material decision in relation to its business and affairs and operations (ii) any agreement or transaction (other than an agreement or transaction in ordinary course of the Transferor Companies' business); and (iii) such other matters as the Transferee Company may notify from time to time.

15.3 Without prejudice to the above, the Transferor Company from the date of filing this Scheme with the NCLT shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares or otherwise), decrease, reduction, reclassification, subdivision or consolidation, reorganization, or in any other manner which may, in any way, affect the Share Exchange Ratio except under any of the following circumstances:

a) By mutual consent of the respective Board of Directors of the Transferor Company and the Transferee Company; or
b) By way of any obligation already subsisting as on the date of filing this Scheme with the NCLT.

15.4 The Transferee Company shall also be entitled, pending sanction of the Scheme, to apply to the NCLT, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for

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such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for the time being in force for carrying on business of the Transferor Companies.

16. EMPLOYEES

16.1 Upon coming into effect of this Scheme:

(a) The permanent employees, if any, of the Transferor Company who are in employment as on the Effective Date shall become the employees of the Transferee Company with effect from the Effective Date, i.e. from the appointed date, without any break or interruption in service and on terms and conditions as to employment and remuneration not less favorable than those on which they are engaged or employed by the Transferor Companies. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by any Transferor Company with any union/employee of the Transferor Companies.

(b) The existing provident fund, gratuity fund, pension and/or superannuation fund or trusts or retirement funds or benefits created by the Transferor Company or any other special funds created or existing for the benefit of the concerned employees of the Transferor Company(collectively referred to as "Funds"), if any, and the investment made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees of the Transferor Companies. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Companyor be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute therein, until such time as the Transferee Company creates its own funds into which the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to such funds of the Transferee Company.

16.2 With effect from the date of filing of this Scheme with the NCLT and up to and including the Effective Date the Transferor Company shall not vary or modify the terms and conditions of employment of any of its employees, except with the written consent of the Transferee Company.

16.3 It is clarified that the services of all transferred staff, workmen and employees of the Transferor Company to the Transferee Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and/or liabilities. For the purpose of payment of any retrenchment compensation, gratuity, and/or other terminal benefits, and/or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Transferor

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Company shall also be taken into account by the Transferee Company, who shall pay the same as and when payable.

17. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and the vesting of the Undertaking(s) of the Transferor Company under Clause 7 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

18. OTHERS

18.1 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate all bank accounts of the Transferor Company and realize all monies and enforce all pending contracts and transactions and to issue credit notes in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme have been formally given effect to under such contracts and transactions.

18.2 All cheques and other negotiable instruments, payment orders received in the name of Transferor Company after the Effective Date shall be accepted by the Bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company as pertaining to the Transferor Companies;

18.3 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorisations in relation to the Transferor Companies, shall stand transferred by the order of the NCLT to the Transferee Company, the Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the NCLT.

18.4 The Transferee Company will have the right to use all intellectual property rights including trademarks and Brands, domain names, service marks, colour schemes, logo, records, files, papers, engineering and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers patents, copy rights, technical know-how, designs, design registrations, etc. relating to the Business of the Transferor Companies.

19. CONSIDERATION

19.1 The entire issued and paid-up equity and preference share capital of the Transferor Company is held by the Transferee Company and its nominees. Accordingly, the equity and preference shares held by the Transferee Company in the Transferor Company shall, on and from the end of the

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S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

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MANAGING DIRECTOR

Transition Period, be cancelled or shall be deemed to have been cancelled without any further act or deed, and accordingly, no shares of the Transferee Company shall be issued to the shareholders of the Transferor Company in lieu of the said amalgamation.

19.2 The shares of the Transferor Company, in relation to the shares held by its members, shall without any further application, act, instrument or deed be deemed to have been automatically cancelled and be of no effect on and from the end of the Transition Period.

20. ACCOUNTING TREATMENT

20.1 **Accounting Treatment in the books of Transferee Company**

Upon the Scheme coming into effect from the Appointed Date, the Transferee Company shall account for the merger of the Transferor Company with the Transferee Company in accordance with "the Pooling of Interest method" as per Appendix C of Indian Accounting Standard (Ind AS) 103 "Business Combinations" prescribed under Section 133 of the Act, relevant clarifications issued by the Ind AS Transition Facilitation Group (ITFG) of the Institute of Chartered Accountants of India and other generally accepted accounting principles in India as follows:

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall account the transaction as per the applicable accounting principles prescribed under Appendix C to Indian Accounting Standard (Ind AS) 103 "Business Combinations" prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015. With effect from the appointed date, all the assets, liabilities and reserves if any of the Transferor Company vested in it pursuance to this scheme shall be recorded at their respective carrying amounts i.e. Book value and in the same form as appearing in the Consolidated Financial Statements of transferee company.

The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form and at the carrying amount as appearing in the consolidated financial statements of the Transferee Company.

Any inter-company balance(s) if any between the Transferor Company and the Transferee Company shall stand cancelled and corresponding effect shall be given in the books of account and the records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

In case of any difference in any of the accounting policies between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistent accounting policies.

The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date".

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20.2 **Accounting Treatment in the books of Transferor Companies**

As the Transferor Company shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Companies.

21. VALIDITY OF EXISTING RESOLUTIONS, ETC.,

Upon the coming into effect of this Scheme, resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under similar resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

22. CONSOLIDATION OF AUTHORISED CAPITAL

22.1 Upon this Scheme becoming effective, the authorized share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed, by the Authorised share capital of the Transferor Company, amounting in aggregate to Rs. 182,50,00,000 /-Rupees One Hundred and Eighty Two Crores and Fifty Lakhs only) divided into 13,95,00,000 Equity Shares of Rs. 10/- each amounting to Rs. 139,50,00,000/-(Rupees Hundred and Thirty Nine Crores and Fifty Lakhs Only) and 4,30,00,000 Preference Shares of Rs. 10/- each amounting to Rs.43,00,00,000/- (Rupees Fourty Three Crores only).

22.2 The memorandum and articles of association of the Transferee Company (relating to authorised share capital) shall without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purpose of effecting this amendment, and no further resolution(s) under any other applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorised capital of the Transferor Company shall be utilised and applied to the increased authorised share capital of the Transferee Company and there would be no requirement for any other further payment of stamp duty and / or fee by the Transferee Company for increase in the authorised share capital to that extent. Pursuant to the Scheme becoming effective and consequent upon the amalgamation of the Transferor Company into the Transferee Company, the authorised share capital of the Transferee Company will be as under:

Authorised Share Capital	(Amount in INR)
13,95,00,000 Equity Shares of Rs. 10/-	139,50,00,000
4,30,00,000 Preference Shares of Rs. 10/- each	43,00,00,000

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	Total	182,50,00,000

22.3 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of the Transferee Company as may be required under the Act.

22.4 **Clause 5 of the Memorandum of Association** of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to applicable provisions of the Companies Act, 2013 as the case may be and be replaced by the following clause:

22.5 The Authorised Share Capital of the Company is Rs.182,50,00,000 (Rupees One Hundred and Eighty Two Crores and Fifty Lakhs only) divided into 13,95,00,000 Equity Shares of Rs. 10/- each amounting to Rs. 139,50,00,000/-(Rupees One Hundred and Thirty Nine Crores and Fifty Lakhs Only) and 4,30,00,000 Preference Shares of Rs. 10/- each amounting to Rs.43,00,00,000/- (Rupees Fourty Three Crores only).

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MANAGING DIRECTOR

PART – III

GENERAL TERMS AND CLAUSES

23. DISSOLUTION WITHOUT WINDING UP

Upon this Scheme becoming effective, the Transferor Company shall, without any further, act, or deed, stand dissolved without going through the process of winding up upon such terms as the NCLT may direct or determine.

24. APPLICATIONS TO THE NCLT

24.1 The Transferor Company and the Transferee Company shall make all necessary joint applications/petitions to the NCLT under Sections 232 read with Section 230 and other applicable provisions of the Act, for seeking its approval of this Scheme and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of this Scheme.

24.2 On this Scheme being agreed by the requisite majority of members and creditors of the respective Transferor Company sand the Transferee Company, the Transferor Company and the Transferee Company shall apply to the NCLT for sanction of this Scheme under Section 232 read with Section 230 of the Act and other applicable provisions of the Act, and for such other order, or orders, as the NCLT may deem fit for carrying this Scheme into effect.

24.3 Upon this Scheme becoming, effective, the shareholders of the Transferor Company and the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.

24.4 It is hereby clarified that filing of the Scheme to the NCLT and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defenses that the companies have or may have under or pursuant to all applicable laws.

24.5 The Transferor Company and the Transferee Company shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme, including making the required RoC filings.

24.6 The Transferee Company and the Transferor Company shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertaking and to carry on the business of the Transferor Company and provide such intimations to the Appropriate Authority wherever required.

25. MODIFICATIONS OR AMENDMENTS TO THIS SCHEME

25.1 The Transferor Company and the Transferee Company, by their respective Boards, may make and consent to any modification(s) or amendment(s) to this Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be

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considered necessary, desirable or appropriate by them, provided that any such modification(s) or amendment(s) to this Scheme after the approval of this Scheme by the NCLT shall be subject to the prior approval of the NCLT. The Transferor Company and the Transferee Company by their respective Boards, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of this Scheme or any matter concerned or connected therewith.

25.2 For the purpose of giving effect to this Scheme or to any modification(s) or amendment(s) thereof or additions thereto, the directors of the Transferee Company may give and is hereby authorised to determine and give all such directions as are necessary, including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

26. SCHEME CONDITIONAL ON APPROVALS AND SANCTIONS

This Scheme is conditional upon and subject to:

Approval of this Scheme by the NCLT, whether with any modification or amendment as the NCLT may deem appropriate or otherwise; and

(a) The certified copies of the NCLT's orders sanctioning this Scheme being filed with the Registrar of Companies, Telangana at Hyderabad by the Transferor Company and the Transferee Company.

27. EFFECT OF NON-RECEIPT OF APPROVALS

27.1 In the event that this Scheme is not sanctioned by the NCLT or in the event any of the consents, approvals, permissions, resolutions, agreements, sanctions or conditions specified in this Scheme are not obtained or complied with or this Scheme cannot be implemented for any other reason, this Scheme shall stand revoked and cancelled and shall have no effect, and each of the Transferor Company and the Transferee Company shall bear their own costs, charges and expenses in connection with this Scheme, unless otherwise mutually agreed.

27.2 In the event of non-receipt of approval of any lender or creditor for the transfer of any liability, then at the option of the Board of the Transferee Company, it may issue a security or recognize a liability in favour of the lender or the creditor, as the case may be, on the same terms.

27.3 The transfer of such asset or liability shall become effective from the Appointed Date as and when the requisite approvals are received or the liability or security abovementioned be recognized or issued and the provisions of this Scheme shall apply appropriately to the said transfer, recognition and issue.

28. COSTS

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or NCLT's order including this Scheme or in relation

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to or in connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of scheme of Amalgamation in pursuance of this Scheme shall be borne and paid by the Transferee Company. The Transferee Company shall be eligible for deduction of expenditure incurred as per section 35DD of the IT Act.

29. MISCELLANEOUS

29.1 After the transfer, the combined assets shall be sufficient to meet the combined liabilities of the Transferee Company and the said Scheme will not adversely affect the rights of any of the creditors of any of the Companies in any manner whatsoever and the assets of the amalgamated company (i.e. the Transferee Company) shall be sufficient for payment of all liabilities as and when the same fall due in usual course.

29.2 In the event of non-fulfillment of any or all obligations under the Scheme by any company towards the other company, inter-se or to third parties and non-performance of which will put the other company under any obligation, then such company will indemnify the other company in respect of all costs/interests, etc.

29.3 On the approval of the Scheme by the members of the Transferor Company pursuant to Section 232 read with Section 230 of the Act, it shall be deemed that the said members have also accorded all relevant consents under other provisions of the Act to the extent the same may be considered applicable for the purpose of this Scheme.

29.4 It is the intention of the parties that any Part of the Scheme, as may be mutually decided by the Board of each of the Parties, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected by such alteration.

For SAGAR CEMENTS (R) LIMITED

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For SAGAR CEMENTS LIMITED

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MANAGING DIRECTOR

Schedule A

(This Schedule forms an Integral Part of the Scheme of Amalgamtion of Sagar Cements (R) Limited with Sagar Cements Limited.

Immovable properties of M/s. Sagar Cements (R) Limited. **Enclosed Schedule A**

Regd. Sale Deed Document no.& Date	Survey No.	Extent of land in acres
Grand Total		Acres ___ Cents

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For SAGAR CEMENTS LIMITED

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SAGAR CEMENTS (R) LIMITED				
DETAILS OF LAND				
S.No.	Regd. Sale Deed Document no.& Date	Sy.No's	Location	Extn of Land in Acres
1	9042/2015 dt.24.08.2015	339, 400/A1, 400/A2, 400/C, 400/D, 400/E2, 400/F, 400/G2	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	37.87
2	9043/2015 dt.24.08.2015	221/A, 221/B, 221/C, 223/B,223/C, 223/D, 223/F, 223/1, 224/A2, 224/B1, 224/B2, 224/C1, 224/C2, 224/D	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	33.32
3	9044/2015 dt.24.08.2015	215/A, 215/B, 216, 217/2, 217/3, 218/, 219/B, 220/A, 220/B, 213/A, 213/B, 213/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	36.04
4	9045/2015 dt.24.08.2015	228/1, 228/2, 395/A, 396, 398, 401/A, 401/B, 401/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	35.82
5	9046/2015 dt.24.08.2015	90/G, 90/H, 90/K, 90/T, 90/U, 90/V, 91/A, 91/B, 91/C, 91/D, 91/E, 94,95	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	26.36
6	9047/2015 dt.24.08.2015	199/A1, 199/A2, 199/B, 199/C,199/D,199/D2,199/E1,199/E2,199/F,202/A,202/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	37.70
7	9048/2015 dt.24.08.2015	201/A1, 201/A2, 201/B, 203, 205, 206, 207, 208, 211/1, 211/2, 211/3, 212	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	38.19
8	9049/2015 dt.24.08.2015	226,227/1,227/2,234/A1,384/C,394/A, 394/C, 394/D	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	39.60
9	9050/2015 dt.24.08.2015	21/A, 21/B, 22/A, 22/B, 22/C, 22/D, 22/F, 22/G, 22/H, 23/A, 23/B, 24/A, 24/B, 24/C, 25,26.	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	38.28
10	9051/2015 dt. 24.08.2015	85/A, 85/C, 86/A, 86/B, 86/C, 86/D,86/F, 86/G, 86/H,86/J,86/P,86/S,86/T,86/U,86/V,88/A,88/B,89/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	32.11
11	9052/2015 dt.24.08.2015	49/A,49/B,52/B,52/C,70/A,71/A,71/B,72,73/A,73/B,73/C,73/D,73/E,75/A,75/B,76	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	39.79
12	9053/2015 dt.24.08.2015	13/A,13/B,13/C,14/A,14/B,14/C,15/B,15/C,16/C,17,18/A,18/B,18/C,19,20	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	39.37
13	9054/2015 dt.24.08.2015	77,78/A,78/B,78/C,78/D,78/E,78/F,78/H,78/K,78/L,80/A,80/B,80/C,80/D,80/E,80/F	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	38.17
14	9064/2015 dt.24.08.2015	415/A,415/B,415/C,415/D,416,417,418	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	35.34
15	9065/2015 dt.24.08.2015	437/A,437/B,440/A,440/B1,441/A1,442/A,442/B,442/C,443	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	22.37
16	9066/2015 dt.24.08.2015	419,420,421,422,423,424,425,429,430/A,430/B,431/A,431/B,432	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	37.56
17·	9067/2015 dt.24.08.2015	411, 412, 413/A,413/B,414/A,414/B,414/C.	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	32.53
18	9068/2015 dt.24.08.2015	402/A,402/B,402/C,402/D,404/A,404/B,404/C,404/D,404/E,404/F,404/G,405,406,407,409/A,409/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	34.05
19	9069/2015 dt.24.08.2015	433/A,433/B,433/C,433/D1,433/D2,434/A,434/B,435/A1,435/A2,435/B,435/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	25.14
20	7070/2015 dt.24.08.2015	183/1,183/2,183/3,184/4,190,191/1,195,193/B1,193/B2,194/2,197/A,197/B,198,200/A,200/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	37.71
21	9077/2015 dt.28.04.2015	27,28,30/A,30/B,30/C,31,32/B,33,34,35/A,35/B,36/A,36/B,37,38/B,47/A,47/B,47/C,47/D	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	37.89
22	9058/2015 dt.24.08.2015	69/A,69/B1,69/B2,69/C,70/B,78/I,86/L,86/N,90/P,90/Q,90/V,94.95.184.195.196/A,196/B,209	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	39.40
23	9071/2015 dt.24.08.2015	32/A,54,55,59/A,59/B,59/C,59/D,68/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	36.16
24	9072/2015 dt.24.08.2015	225,235/A,238,243/A1,245/D,369,390,393,400/B,405,418,440/A,440/B2,441/A2,442/B,442/C,438,436	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	33.71

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DIRECTOR

For SAGAR CEMENTS LIMITED

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MANAGING DIRECTOR

25	9057/2015 dt.24.08.2015	17,54,194/1,393,395/B,395/A,400/E2,408,414/D,434/A,435/A,437/A,	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	26.42
26	9055/2015 dt.24.08.2015	24/A,37,74,75/C,86/Q,90/A,90/M,90/J,90/L,90/N,90/O,90/S,90/F,91/A,91/D,95,211/1,223/B,400/D,400/G,428	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	39.11
27	9056/2015 dt.24.08.2015	16,37,68/B,68/B2,191/2,192,193/A,195,196/A,196/B,439	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	35.12
28	10116/2015	369,434/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.00
29	2448/2007 dt.06.11.2007	241/C,244,234	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.50
30	2449/2007 dt.06.12.2007	186/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.72
31	2450/2007 dt.06.11.2007	234/A2, 234/C2, 234/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.56
32	2451/2007 dt.07.11.2007	243/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.54
33	2452/2007 dt.07.11.2007	234/A2,234/C2, 234/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.56
34	2453/2007 dt.07.11.2007	404/H	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.06
35	2454/2007 dt.07.11.2007	187	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.17
36	2455/2007 dt.07.11.2007	241/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.67
37	2787/2007 dt.26.12.2007	244	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.50
38	2788/2007 dt.26.12.2007	199/3	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.70
39	2790/2007 dr.26.12.2007	410	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.01
40	2791/2007 dt.26.12.2007	204	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.25
41	2792/2007 dt.26.12.2007	68/B1,68/B2,55	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	12.35
42	2793/2007 dt.26.12.2007	36C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.35
43	524/2008 dt.01.03.2008	607	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	7.77
44	525/2008 dt01.03.2008	483	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.98
45	526/2008 dt.01.03.2008	633/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	5.00
46	527/2008 dt.01.03.2008	609/C,L,F,M,N,B,D,E,G,J,O	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.00
47	528/2008 dt.01.03.2008	641/A2, 641/C,641/D,641/G,647/A,647/B,647/H,647/I,647/J,647/K,647/L	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.98
48	529/2008 dt.01.03.2008	483	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.98
49	530/2008 dt.01.03.2008	641/E,641/A2,641/M,641/I,641/J,641/K,641/L,641/N,641/F,641/H,648/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	6.60
50	531/2008 dt.01.03.2008	707	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	6.00
51	532/2008 dt.01.03.2008	707	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.00
52	533/2008 dt.01.03.2008	637,638	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.06

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DIRECTOR

For SAGAR CEMENTS LIMITED

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53	534/2008 dt.01.03.2008	605/G	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.13
54	535/2008 dt.01.03.2008	605/B,606/D,609/A,609/R,609/P	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.94
55	536/2008 dt.01.03.2008	605/A, 605/C, 605/F,605/D,605/H,605/I,605/J,605/K,605/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.47
56	619/2008 dt.13.03.2008	611	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.20
57	620/2008 dt.13.03.2008	611/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.25
58	621/2008 dt.13.03.2008	639	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.40
59	636/2008 dt17.03.2008	493/B,493/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.00
60	637/2008 dt.17.03.2008	609/H,606/E,638/B,639/D,639/E	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.66
61	638/2008 dt.17.03.2008	614,615/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.97
62	639/2008 dt.17.03.2008	611/A1	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.90
63	640/2008 dt.17.03.2008	611/A/A,611/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.00
64	641/2008 dt.17.03.2008	648/D,648/E,648/F	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.27
65	642/2008 dt.17.03.2008	639/E	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.61
66	643/2008 dt. 17.03.2008	606/A,606/C,606/F,632/A,632/C,632/D,646/A,646/B,648/A,648/C,649/B,	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	13.81
67	694/2008 dt.27.03.2008	683/A,683/B,683/C,685/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	9.14
68	695/2008 dt.27.03.2008	620/A, 620/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.44
69	696/2008 dt.27.03.2008	609/Q	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.38
70	697/2008 dt.27.03.2008	646/A,646/B,648/A,648/B,648/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.94
71	698/2008 dt.27.03.2008	632/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.81
72	699/2008 dt.27.03.2008	609/C,609/L,609/F,609/M,609/N,609/B,609/D,609/E,609/G,609/J,609/O,	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.00
73	700/2008 dt.27.03.2008	609/C,609/L,609/F,609/M,609/N,609/B,609/D,609/E,609/G,609/J,609/O,	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.14
74	701/2008 dt.27.03.2008	635	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.10
75	834/2008 dt.25.04.2008	599,600,613/b	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	7.17
76	860/2008 dt.03.05.2008	223/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.42
77	861/2008 dt.03.05.2008	15/B,15/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.40
78	866/2008 dt.07.05.2008	683/A,683/B,683/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.32
79	867/2008 dt.07.05.2008	85/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.07
80	868/2008 dt.07.05.2008	485	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.47

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

81	869/2008 dt.07.05.2008	506/3	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.12
82	871/2008 dt.07.05.2008	611/A3	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.05
83	872/2008 dt.07.05.2008	506/3	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.13
84	873/2008 dt.07.05.2008	506/1,506/2,504/4	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	10.70
85	891/2008 dt.13.05.2008	655	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.30
86	892/2008 dt.13.05.2008	625,626,627	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	7.31
87	893/2008 dt.13.05.2008	624	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	6.68
88	894/2008 dt.13.05.2008	90/A,90/C,90/E,90/D,90/I	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.48
89	895/2008 dt.13.05.2008	638/5, 638/6,638/7	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.94
90	896/2008 dt.13.05.2008	639/E	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.40
91	949/2008 dt.21.05.2008	186/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.62
92	950/2008 dt.21.05.2008	613/H,613/I	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	5.66
93	951/2008 dt.21.05.2008	621	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.82
94	952/2008 dt.21.05.2008	393	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.70
95	953/2008 dt.21.05.2008	598	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.94
96	1011/2008 dt.02.06.2008	404	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.03
97	1061/2008 dt.12.06.2008	612	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	5.29
98	1062/2008 dt.12.06.2008	612	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	8.00
99	1063/2008 dt.12.06.2008	641/G	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.27
100	1064/2008 dt.12.06.2008	629	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.71
101	1080/2008 dt.16.06.2008	671,672/A,672/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.95
102	1081/2008 dt.16.06.2008	231	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.25
103	1082/2008 dt.16.06.2008	245/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.42
104	1083/2008 dt.16.06.2008	241/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.37
105	1084/2008 dt.16.06.2008	245/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.83
106	1085/2008 dt.16.06.2008	393	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.41
107	1086/2008 dt.16.06.2008	245/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.88
108	1087/2008 dt.16.06.2008	245/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.10

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

109	1529/2008 dt.22.08.2008	610,260/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	11.33
110	1530/2008 dt.22.08.2008	611/C,631/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	5.08
111	2194/2008 dt.17.12.2008	623	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.61
112	2212/2008 dt.19.12.2008	489/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.31
113	2204/2008 dt.19.12.2008	539/A, 593/E,539/H,341,511/A,511/B/1	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.43
114	2205/2008 dt.19.12.2008	358,373,374,375,452	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.87
115	2206/2008 dt.19.12.2008	357	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.94
116	2210/2008 dt.20.12.2008	647,680	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.10
117	1457/2009 dt.10.08.2009	10/C	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.06
118	1458/2009 dt.10.08.2009	746	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.00
119	1459/2009 dt.10.08.2009	746,747	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	5.95
120	1460/2009 dt.10.08.2009	689	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.00
121	1461/2009 dt.10.08.2009	689	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.00
122	1462/2009 dt.10.08.2009	746	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.95
123	1463/2009 dt.10.08.2009	701	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.71
124	1464/2009 dt.10.08.2009	697	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.49
125	1465/2009 dt.10.08.25009	748	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.01
126	1466/2009 dt.10.08.2009	697,747	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.50
127	1473/2009 dt.10.08.2009	572/2	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.71
128	1474/2009 dt.10.08.2009	569/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	7.75
129	648/2010 dt.04.03.2010	394/B,489/B,393	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	5.77
130	649/2010 dt.04.03.2010	363,365/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.65
131	650/2010 dt.04.03.2010	605/I,605/J,640/1,2,3,4,641/A/1, 641/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.39
132	651/2010 dt.04.03.2010	729/1	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.14
133	652/2010 dt.04.03.2010	510/A,510/B,687,689	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	5.00
134	661/2010 dt.5.03.2010	189	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.88
135	662/2010 dt.05.03.2010	363,630/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.60
136	663/2010 dt.05.03.2010	202	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	5.53

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

137	664/2010 dt.05.03.2010	510/D	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.06
138	2193/2010 dt.22.09.2010	426,427	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	2.75
139	330/2011 dt.14.03.2011	78/G,78/J	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.12
140	333/2011 dt.14.03.2011	86/K	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.61
141	334/2011 dt.14.03.2011	86I, 434/A	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.93
142	331/2011 dt.14.03.2011	223/E,184/1,184/2	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	7.14
143	332/2011 dt.14.03.2011	29	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	0.66
144	335/2011 dt.14.03.2011	441/B	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	1.83
145	1096/2018 dt.31.05.2018	760/1,760/2,761 to 769, 477,482,486,709,754,604,608,644, 478,479,480,481,484/A,484/B,486/2,492,603 /2,613/A,615/A,616,634,649/A,652/A,	Gudipadu Village, Yadiki Madal, Anantapur district, Andhra Pradesh	478.02
146	2194/2010 dt.22.09.2010	197/A,197/B,197/C	Nettur village, Yadiki Madal, Anantapur district, Andhra Pradesh	8.10
147	2195/2010 dt.22.09.2010	198	Nettur village, Yadiki Madal, Anantapur district, Andhra Pradesh	4.18
148	2304/2010 dt.05.10.2010	201	Nettur village, Yadiki Madal, Anantapur district, Andhra Pradesh	9.71
149	2366/2010 dt19.10.2010	196	Nettur village, Yadiki Madal, Anantapur district, Andhra Pradesh	7.26
150	2367/2010 dt.19.10.2010	197/C	Nettur village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.00
151	2533/2010 dt.11.11.2010	199	Nettur village, Yadiki Madal, Anantapur district, Andhra Pradesh	3.05
152	10117/2015 dt.24.08.2015	194,195,196,206/A	Nettur village, Yadiki Madal, Anantapur district, Andhra Pradesh	23.48
153	10118/2015 dt.24.08.2015	191/A,192,193	Nettur village, Yadiki Madal, Anantapur district, Andhra Pradesh	36.56
153	835/2008 dt.25.04.2008	105/A	Venkatam Pally, Yadiki Madal, Anantapur district, Andhra Pradesh	1.50
153	862/2008 dt.03.05.2008	78/B,105/B	Venkatam Pally, Yadiki Madal, Anantapur district, Andhra Pradesh	2.40
153	863/2008 dt.03.05.2008	104	Venkatam Pally, Yadiki Madal, Anantapur district, Andhra Pradesh	2.53
153	2202/2008 dt.18.02.2008	86	Venkatam Pally, Yadiki Madal, Anantapur district, Andhra Pradesh	6.58
153	2211/2008 dt.20.12.2008	106	Venkatam Pally, Yadiki Madal, Anantapur district, Andhra Pradesh	1.45
Total				1892.89

For SAGAR CEMENTS (R) LIMITED

S. SREEKANTH REDDY
DIRECTOR

For SAGAR CEMENTS LIMITED

Dr. S. ANAND REDDY
MANAGING DIRECTOR

Deloitte Haskins & Sells

Chartered Accountants
KRB Towers, Plot No. 1 to 4 & 4A
1st, 2nd & 3rd Floor,
Jubilee Enclave, Madhapur, Hyderabad-500 081
Tel: +91 40 7125 3600, Fax: +91 40 7125 3601

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SAGAR CEMENTS (R) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	Auditor’s Response
Revenue recognition – Price Discounts (Refer Note 38 of the financial statements) • Revenue is measured net of discounts earned by customers on the Company's sales. • Due to the Company's presence across different marketing regions within the country and the competitive business environment, price equalizer discounts vary based on the customer and market it caters to and recognised based on sales made during the year. These discounts are calculated based on the market study reports which are collated periodically by the management and are prone to manual interventions. • Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price equalizer discounts. • Given the complexity involved in the assessment of price equalizer discounts and their periodic recognition against sales, the same is considered as key audit matter.	**Principal audit procedures performed:** • Assessed the appropriateness of the Company's accounting policies relating to price equalizer discounts by comparing with applicable accounting standards. • Assessed the design and tested the implementation and operating effectiveness of Company's internal controls over the approvals, calculation, accounting and issuance of credit notes. • Obtained and inspected, on a sample basis, supporting documentation for price equalizer discounts recorded and credit note issued during the year as well as credit notes issued after the year end date to determine whether these were recorded appropriately. • Compared the historical trend of price equalizer discounts to sales made to determine the appropriateness of current year's discount charge.

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

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

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

   iii. There has been no delay in transferring amounts, 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)
(UDIN: 21201193AAAADM4090)

Place: Hyderabad
Date: May 12, 2021

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 (R) Cements Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2021, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ganesh Balakrishnan
Partner
(Membership No.201193)
(UDIN: 21201193AAAADM4090)

Place: Hyderabad
Date: May 12, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

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

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

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	**Nature of Dues**	**Forum where Dispute is Pending**	**Period to which the Amount Relates**	**Amount Involved (₹ in lakhs)**	**Amount Unpaid (₹ in lakhs)**
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2011-12	1,875	1,739
Sales Tax and VAT Laws	Sales tax and VAT	High Court of Andhra Pradesh and Telangana	2008-11	80	80
Customs Act, 1962	Customs duty	CESTAT	2011-12 to 2012-13	112	112
Central Excise Act, 1944	Excise duty	Commissioner (Appeals)	2012-13 to 2014-15	211	211
		Commissioner (Appeals)	2016-17	311	-
		CESTAT	2013-14	92	92
Local Areas Act, 2001	Entry tax	High Court of Andhra Pradesh and Telangana	2016-17	27	21

There are no dues of Goods and Services Tax as on March 31, 2021 on account of disputes.

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

(ix) The Company has not raised 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, moneys raised by way of term loans have been applied by the Company during the year for the purpose for which they were raised other than temporary deployment pending of proceeds.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

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

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

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

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

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

Ganesh Balakrishnan
Partner
(Membership No.201193)
(UDIN: 21201193AAAADM4090)

Place: Hyderabad
Date: May 12, 2021

Sagar Cements (R) Limited
Balance Sheet as on March 31, 2021

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	41,167	42,955
(b) Capital work-in-progress		308	322
(c) Intangible assets	3	9	10
(d) Right of use assets	4	4	25
(e) Financial assets			
- Other financial assets	5	267	345
(f) Deferred tax assets (net)	25	538	2,074
(g) Income tax assets (net)	25	176	155
(h) Other non-current assets	6	167	43
Total Non-current assets		**42,636**	**45,929**
Current assets			
(a) Inventories	7	3,231	3,513
(b) Financial assets			
(i) Trade receivables	8	2,769	4,190
(ii) Cash and cash equivalents	9	2,005	7
(iii) Bank balances other than cash and cash equivalents	10	362	69
(iv) Other financial assets	5	77	70
(c) Other current assets	6	1,025	1,093
Total Current assets		**9,469**	**8,942**
TOTAL ASSETS		**52,105**	**54,871**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	11,596	10,381
(b) Other equity	12	5,464	(4,671)
Total equity		**17,060**	**5,710**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	21,894	23,676
(ii) Lease liabilities	34	1	25
(iii) Other financial liabilities	14	1,753	1,625
(b) Provisions	15	123	123
(c) Other non-current liabilities	16	50	50
Total Non-current liabilities		**23,821**	**25,499**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	509	3,298
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		4	23
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		5,282	5,359
(iii) Lease liabilities	34	4	2
(iv) Other financial liabilities	14	3,428	9,150
(b) Provisions	15	61	47
(c) Other current liabilities	16	1,936	5,783
Total Current liabilities		**11,224**	**23,662**
Total Liabilities		**35,045**	**49,161**
TOTAL EQUITY AND LIABILITIES		**52,105**	**54,871**
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
Firm Registration No. 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place : Hyderabad
Date : May 12, 2021

For and on Behalf of the Board of Directors

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

S. Sahithi
Executive Director
DIN No. 07293511

R. Soundararajan
Company Secretary
M.No. F4182

K. Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 12, 2021

Sagar Cements (R) Limited

Statement of profit and loss for the year ended March 31, 2021

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	17	37,678	35,061
II	Other Income	18	116	101
III	**Total Income (I + II)**		**37,794**	**35,162**
IV	**EXPENSES**			
	(a) Cost of materials consumed	19	4,500	4,490
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	847	(380)
	(c) Employee benefit expenses	21	1,200	1,093
	(d) Finance costs	22	3,413	3,985
	(e) Depreciation and amortisation expense	23	2,221	2,168
	(f) Power and fuel expenses		8,607	10,326
	(g) Freight and forwarding		7,859	8,191
	(h) Other expenses	24	4,765	4,581
	Total Expenses		**33,412**	**34,454**
V	**Profit before tax (III-IV)**		**4,382**	**708**
VI	**Tax Expense**			
	(a) Current tax	25	-	-
	(b) Deferred tax	25	1,536	1,209
	Total tax expense		**1,536**	**1,209**
VII	**Profit/ (loss) after tax (V-VI)**		**2,846**	**(501)**
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss -Remeasurements of the defined benefit plan		(1)	4
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(1)
	Other comprehensive income for the year, net of tax		**(1)**	**3**
IX	**Total Comprehensive Income/(loss) for the year (VII + VIII)**		**2,845**	**(498)**
X	**Earnings per share (Face value of ₹ 10 each)**			
	Basic and Diluted	35	2.69	(0.81)
	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
Firm Registration No. 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place : Hyderabad
Date : May 12, 2021

For and on Behalf of the Board of Directors

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Company Secretary
M.No. F4182

K. Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 12, 2021

Sagar Cements (R) Limited

Statement of changes in equity for the year ended March 31, 2021

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at March 31, 2019	**10,381**
Changes in equity share capital during the year	-
Balance at March 31, 2020	**10,381**
Changes in equity share capital during the year (Refer Note 37)	1,215
Balance at March 31, 2021	**11,596**

B. Other equity

Particulars	Reserves and surplus			Other items of other comprehensive income	Total other equity
	Securities premium	Deemed investment in equity	Retained earnings		
Balance as at March 31, 2019	**7,381**	**10,735**	**(22,257)**	**(32)**	**(4,173)**
Loss for the year	-	-	(501)	-	(501)
Other comprehensive income for the year (net of tax ₹ 1)	-	-	-	3	3
Balance as at March 31, 2020	**7,381**	**10,735**	**(22,758)**	**(29)**	**(4,671)**
Profit for the year	-	-	2,846	-	2,846
Other comprehensive income for the year (net of tax ₹ Nil)	-	-	-	(1)	(1)
Premium on Issue of Equity Shares (Refer Note 37)	7,290	-	-	-	7,290
Balance as at March 31, 2021	**14,671**	**10,735**	**(19,912)**	**(30)**	**5,464**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place : Hyderabad
Date : May 12, 2021

For and on Behalf of the Board of Directors

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

S. Sahithi
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DIN No. 07293511

R. Soundararajan
Company Secretary
M.No. F4182

K. Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 12, 2021

Sagar Cements (R) Limited

Statement of cash flows for the year ended March 31, 2021

All amounts are in ₹ lakhs unless otherwise stated

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
A. Cash flow from operating activities				
Proifit / (Loss) after tax for the year		**2,846**		**(501)**
Adjustments for:				
Tax expense	1,536		1,209	
Depreciation and amortisation expense	2,221		2,168	
Finance costs	3,413		3,985	
Interest income	(28)		(30)	
Expected credit loss allowance	73		63	
Provision for incentives receivable from government	84		-	
Unrealised loss on foreign currency transactions and translation	38		51	
Net (gain)/loss on fair value change in financial instruments	46		(47)	
Liabilities no longer required written back	(15)		(22)	
Advances written off	-	7,368	125	7,502
Operating profit before working capital changes		**10,214**		**7,001**
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	1,348		(506)	
Inventories	282		377	
Other financial assets	(106)		(114)	
Other assets	(45)	1,479	367	124
Adjustments for increase / (decrease) in operating liabilites:				
Trade payables	(119)		(19)	
Other financial liabilities	(10)		113	
Provisions	14		35	
Other liabilities	967	852	1	130
Cash generated from operating activities		**12,545**		**7,255**
Less: Income tax paid		(21)		(1)
Net cash generated from operating activities		**12,524**		**7,254**
B. Cash flow from investing activities				
Capital expenditure on property, plant and equipment including capital advances	(529)		(1,092)	
Deposits not considered as Cash and cash equivalents				
- Placed	(656)		(497)	
- Matured	454		484	
Interest received	29		33	
Net cash used in investing activities		**(702)**		**(1,072)**

C. Cash flow from financing activities				
Repayment of Loan from holding company	(1,500)		(500)	
Proceeds from allotment of equity shares (Refer Note 37)	77		-	
Proceeds from loan from others	138		-	
Proceeds from non-current borrowings	200		3,643	
Repayment of non-current borrowings	(2,915)		(6,547)	
Proceeds of current borrowings (net)	(2,789)		67	
Repayment of lease liabilities	(28)		(25)	
Finance costs	(3,007)		(2,820)	
Net cash used in financing activities		**(9,824)**		**(6,182)**
Net increase in cash and cash equivalents (A+B+C)		**1,998**		**-**
Cash and cash equivalents at the beginning of the year		7		7
Cash and cash equivalents at the end of the year (Refer Note 9)		**2,005**		**7**
Note:				
Cash and cash equivalents comprises of:				
Cash in hand		-		-
Balances with banks		5		7
Deposits with banks		2,000		**-**
Cash and cash equivalents (Refer Note 9)		**2,005**		**7**

Statement of cash flows for the year ended March 31, 2021

All amounts are in ₹ lakhs unless otherwise stated

Reconciliations of liabilities from financing activities:

Particulars	As at April 01, 2020	Proceeds	Re-payment	Fair value changes	As at March 31, 2021
Long term borrowings (including current portion)	18,848	338	(4,415)	-	14,771
Short term borrowings	3,298	-	(2,789)	-	509
Total liabilities from financing activities	**22,146**	**338**	**(7,204)**	**-**	**15,280**

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

Reconciliation of lease liability:

Particulars	As at April 01, 2020	Additions	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2021
Lease liabilities	27	5	1	(28)	**5**

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

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place : Hyderabad
Date : May 12, 2021

For and on Behalf of the Board of Directors

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

S. Sahithi
Executive Director
DIN No. 07293511

R. Soundararajan
Company Secretary
M.No. F4182

K. Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 12, 2021

Sagar Cements (R) Limited

Notes to the financial statements

1. Corporate information and significant accounting policies

(a) Corporate Information:

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

(b) Significant accounting policies

(i) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as 'Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India (SEBI). The Company has consistently applied accounting policies to all periods.

(ii) Basis of preparation and presentation

These 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 at the time of their acquisition.

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) Functional and Presentation currency

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

Rounding of amounts

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

(iv) Use of estimates and Judgements

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

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

- **Useful lives of property, plant and equipment and amortisation of intangible assets**

  Depreciation on property, plant and equipment and amortisation of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment and intangibles as estimated by the management. The management believes that depreciation and amortisation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods.

- **Defined benefit plans**

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

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

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

- **Fair value measurement of Financial instruments**

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

- **Provisions and contingencies**

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

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

- **Leases**

  Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives.The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

- **Inventories**

  Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Company makes an estimate of future selling prices and costs necessary to make the sale.

- **Expected credit losses**

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

(v) Revenue recognition

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

Generation of Power:

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

Dividend and interest income

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

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

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

(vi) Borrowing costs

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

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

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

(vii) Government grants

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

a) The Company will comply with the conditions attached to them; and

b) The grant will be received.

(viii) Employee benefits

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

Defined Contribution Plans:

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense to the statement of profit and loss 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 and loss. Past service cost is recognised in profit and 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
- The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'

Compensated Absences:

The employees of the Company are entitled to compensate absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

Short-term employee benefits

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

(ix) Taxation

Income tax expense represents the sum of current tax and deferred tax. Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and 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.

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.

(x) Property, plant and equipment

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

Capital works in progress 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 Capital works in progress 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 and loss.

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

Depreciation on tangible property, plant and equipment has been provided as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

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

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

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

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

Land-Restoration:

The Company provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows. The site restoration provision before exploitation of the raw materials has commenced is included in Property, Plant and Equipment and depreciated over the life of the related asset.

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

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

(xi) Intangible assets

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

(xii) Inventories

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

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

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

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

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

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

(xiv) Foreign currency transactions and translations

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

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.

(xv) Financial Instruments:

(A) Initial recognition:

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and 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 and loss are recognized immediately in profit and loss.

(B) Subsequent measurement:

Non-derivative Financial Instruments:

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

b. **Financial assets at fair value through other comprehensive income:** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. **Financial assets at fair value through profit and loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit and 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.

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit and Loss (FVTPL). Interest income is recognised in statement of profit and loss and is included in the "other income" line item.

e. Derivative Financial Instruments:

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

(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 and loss if such gain or loss would have otherwise been recognized in profit and 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 and loss.

(xvi) Impairment of assets

a. Financial assets:

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

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

b. Non-financial assets:

Intangible assets and property, plant and equipment

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

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

(xvii) Earnings per share

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

(xviii) Provisions

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

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

(xix) Segment reporting

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

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

(xx) Leases

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

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

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

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

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

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

(xxi) Operating cycle

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

(xxii) Exceptional items:

An item of income or expense which by its size, nature or incidence requires disclosure to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed separately in the financial statements.

(xxiii) New Standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Sagar Cements (R) Limited

Notes to the financial statements

All amounts are in ₹ lakhs unless otherwise stated

2. Property, plant and equipment

Particulars	As at March 31, 2021	As at March 31, 2020
Land - freehold	2,742	2,742
Land-restoration	34	37
Buildings	3,690	3,842
Plant and machinery	32,163	33,428
Furniture and fittings	31	37
Office and other equipment	320	392
Electrical installations	1,942	2,180
Computers	15	14
Vehicles	230	283
Total	**41,167**	**42,955**

All amounts are in ₹ lakhs unless otherwise stated

For the year 2020-21

Description of assets	Land – free hold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical insta-llations	Computers	Vehicles	Total
I. Gross Block										
Opening Balance	**2,742**	**50**	**4,625**	**45,561**	**67**	**721**	**3,636**	**170**	**453**	**58,025**
Add: Additions	-	-	26	368	-	2	5	4	-	405
Less: Disposals	-	-	-	-	-	-	-	-	6	6
Balance as at March 31, 2021	**2,742**	**50**	**4,651**	**45,929**	**67**	**723**	**3,641**	**174**	**447**	**58,424**
II. Accumulated depreciation										
Opening Balance	**-**	**13**	**783**	**12,133**	**30**	**329**	**1,456**	**156**	**170**	**15,070**
Add: Depreciation expense	-	3	178	1,633	6	74	243	3	53	2,193
Less: Eliminated on disposal of assets	-	-	**-**	-	-	-	-	-	6	6
Balance as at March 31, 2021	**-**	**16**	**961**	**13,766**	**36**	**403**	**1,699**	**159**	**217**	**17,257**
Net block (I-II) Carrying value as at March 31, 2021	**2,742**	**34**	**3,690**	**32,163**	**31**	**320**	**1,942**	**15**	**230**	**41,167**
Carrying value as at March 31, 2020	2,742	37	3,842	33,428	37	392	2,180	14	283	42,955

Notes to the financial statements

For the year 2019-20

All amounts are in ₹ lakhs unless otherwise stated

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

Pledge on property, plant and equipment:

1. Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 79,037 (March 31, 2020: ₹ 83,052) are subject to a pari-passu first charge on the Company's term loans. Further, the property, plant and equipment (other than vehicles) are subject to a pari-passu second charge on the Company's current borrowings. Refer Note 13.
2. Vehicles with carrying amount of ₹ 204 (March 31, 2020: ₹ 223) are hypothecated to respective banks against vehicle loans.

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2021	As at March 31, 2020
3	**Intangible assets**		
	Computer software	9	10
	Total	**9**	**10**
	Computer Software		
	I. Gross Block		
	Opening Balance	139	139
	Add: Additions	-	-
	Less: Disposals	-	-
	Closing Balance	**139**	**139**
	II. Accumulated amortisation		
	Opening Balance	129	129
	Add: Amortisation expense	1	-
	Less: Eliminated on disposal of assets	-	-
	Closing Balance	**130**	**129**
	Net block (I-II)		
	Carrying Value	**9**	**10**
4	**Right of use assets**		
	Buildings	4	25
	Total	**4**	**25**
	Buildings:		
	I. Gross block		
	Opening Balance	**50**	**-**
	Add: Recognition on adoption of Ind AS 116	-	50
	Add: Additions	6	-
	Less: Deletion	-	-
	Closing Balance	**56**	**50**
	II. Accumulated depreciation		
	Opening Balance	**25**	**-**
	Add: Depreciation expense	27	25
	Closing Balance	**52**	**25**
	Net block (I-II)		
	Carrying Value	**4**	**25**

Note: Refer Note 34 on operating lease.

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2021	As at March 31, 2020
5	**Other financial assets (Unsecured, considered good)**		
	Non-current		
	Security deposits	196	144
	Financial benefit due to guarantee by parent company	62	101
	Balances held as margin money deposit against borrowings	9	100
	Total	**267**	**345**
	Current		
	Security deposits	63	9
	Advances to employees	3	3
	Interest accrued but not due	10	11
	Derivative assets	1	47
	Total	**77**	**70**
	Total Other financial assets	**344**	**415**
6	**Other assets (Unsecured, considered good)**		
	Non-current		
	Capital advances	130	35
	Prepaid expenses	30	1
	Balances with government authorities	7	7
	Total	**167**	**43**
	Current		
	Advances to suppliers and service providers	184	187
	Advances to related parties	79	-
	Prepaid expenses	112	79
	Balances with government authorities	7	100
	Incentives receivable from government		
	Unsecured, considered good	643	727
	Considered doubtful	84	-
	Less: Provision for incentives receivable from government	(84)	-
	Total	**1,025**	**1,093**
	Total Other assets	**1,192**	**1,136**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2021	As at March 31, 2020
7	**Inventories (at lower of cost and net realisable value)**		
	Raw materials	693	329
	Coal	926	963
	Work-in-progress	274	847
	Stores and spares	867	668
	Packing materials	182	108
	Finished goods	221	495
	Total (A)	**3,163**	**3,410**
	Goods-in-transit:		
	Raw materials	2	-
	Coal	48	103
	Packing materials	18	-
	Total (B)	**68**	**103**
	Total inventories (A+B)	**3,231**	**3,513**
	Note: Refer Note 1(b)(xii) for basis of valuation and for details of inventories pledged refer Note 13.		
8	**Trade receivables**		
	Trade receivables considered good - Secured	198	370
	Trade receivables considered good - Unsecured	2,571	3,820
	Trade receivables - credit impaired	183	110
	Sub-total	**2,952**	**4,300**
	Less: Expected credit loss allowance	(183)	(110)
	Total trade receivables	**2,769**	**4,190**

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

Age of receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Within the credit period	2,096	2,852
1-30 days past due	266	467
31-60 days past due	24	88
61-90 days past due	11	71

All amounts are in ₹ lakhs unless otherwise stated

	91-180 days past due	22	284
	More than 180 days past due	533	538
	Total	**2,952**	**4,300**

Note	Particulars	2020-21	2019-20
	Movement in expected credit loss allowance		
	Balance at the beginning of the year	110	47
	Add: Expected credit loss allowance	73	63
	Balance at the end of the year	**183**	**110**
	Particulars	**As at March 31, 2021**	**As at March 31, 2020**
9	**Cash and cash equivalents**		
	(a) Cash in hand	-	-
	(b) Balances with banks	5	7
	(c) Deposits with banks	2,000	-
	Total cash and cash equivalents	**2,005**	**7**
10	**Bank balances other than cash and cash equivalents**		
	Margin money deposits (Refer Note below)	362	69
	Total other bank balances	**362**	**69**
	Note: Margin money deposits are against bank guarantees and cash credit facilities.		

Note	Particulars	As at March 31, 2021		As at March 31, 2020	
		No. of shares	Amt.	No. of shares	Amt.
11	**Equity Share Capital**				
	Authorised:				
	Equity shares of ₹ 10 each	11,60,00,000	11,600	10,70,00,000	10,700
	Preference shares of ₹ 10 each	4,30,00,000	4,300	4,30,00,000	4,300
		15,00,00,000	15,000	15,00,00,000	15,000
	Issued, Subscribed and Fully Paid:				
	Equity shares ₹ 10 each	11,59,62,925	11,596	10,38,12,925	10,381
	(a) Shares held by the holding company				

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% Holding	No. of shares	% Holding
Sagar Cements Limited	11,59,62,925	100%	10,38,12,925	100%

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Opening balance (Refer Note 37)	10,38,12,925	10,381	10,38,12,925	10,381
Shares issued during the year	1,21,50,000	1,215	-	-
Closing balance	**11,59,62,925**	**11,596**	**10,38,12,925**	**10,381**

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

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

Note	Particulars	As at March 31, 2021	As at March 31, 2020
12	**Other equity**		
	Securities premium	14,671	7,381
	Deemed investment in equity	10,735	10,735
	Retained earnings	(19,912)	(22,758)
	Other items of other comprehensive income	(30)	(29)
	Total other equity	**5,464**	**(4,671)**
	Movement in other equity is as follows:		
	Securities premium		
	Opening Balance	7,381	7,381
	Premium on issue of equity shares (Refer Note 37)	7,290	-
		14,671	**7,381**
	Deemed investment in equity	**10,735**	**10,735**
	Retained earnings		
	(i) Opening balance	(22,758)	(22,257)
	(ii) Profit/ (loss) for the year	2,846	(501)
		(19,912)	**(22,758)**
	Other items of other comprehensive income		
	(i) Opening balance	(29)	(32)
	(ii) Other comprehensive income for the year	(1)	3
		(30)	**(29)**
	Total	**5,464**	**(4,671)**

All amounts are in ₹ lakhs unless otherwise stated

Nature of reserves:

(a) Securities premium

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

(b) Deemed investment in equity

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

(c) Retained earnings

Retained earnings comprises of undistributed earnings after taxes.

(d) Other items of other comprehensive income

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

Note	Particulars	As at March 31, 2021	As at March 31, 2020
13	**Non current borrowings * (Secured, at amortised cost)**		
	(a) Term loans		
	Debentures (Refer Note(ii))	8,077	10,384
	Loans from banks (Refer Note (i))	2,636	3,273
	(b) Loans from holding company		
	8% Cumulative redeemable preference shares	11,181	10,019
	Total non-current borrowings	**21,894**	**23,676**

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

Note (i):

As at March 31, 2021:

Bank	Loan outstanding	Terms of repayment	Rate of interest
The Federal Bank Limited (Refer Note (a) below)	3,125	18 quarterly instalments	8.00%
State Bank of India (Refer Note (b) below)	144	13 monthly instalments	7.25%
Vehicle loans from banks/ financial institutions (Refer Note (c) below)	24	5 monthly instalments	9.50%
Less: Current maturities of non-current borrowings	(657)		
	2,636		

As at March 31, 2020:

Bank	Loan outstanding	Terms of repayment	Rate of interest
The Federal Bank Limited (Refer Note (a) below)	3,624	22 quarterly instalments	9.00%
Vehicle loans from banks/ financial institutions (Refer Note (c) below)	77	17 monthly instalments	9.50%
Less: Current maturities of non-current borrowings	(428)		
	3,273		

Notes:

(a) Term loan is secured by first pari-passu charge on the property, plant and equipment (including mining land) owned by or belonging to the company, both present and future, and by a second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Director and corporate guarantee of Sagar Cements Limited and First pari-passu charge on shares of Sagar Cements (R) Limited held by Sagar Cements Limited subject to RBI Guidelines and undated cheques for the facility amount and Interest DSRA for 3 months.

(b) This term loan is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on entire property, plant and equipment of the Company including land and building and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director.

(c) Vehicle loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

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

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2021	As at March 31, 2020
	Current borrowings (Secured, at amortised cost)		
	Loans repayable on demand		
	Cash credit facilities (Refer Notes below)	509	3,298
	Total	**509**	**3,298**

Notes:

1. The Company has availed cash credit facilities from State Bank of India. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on entire property, plant and equipment of the Company including land and building and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The loans are repayable on demand and carries interest @ 7.90% p.a to 9.80% p.a. (2019-20: 10.65% p.a to 11.05% p.a.).
2. The Company has availed cash credit facilities from The Federal Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on property, plant and equipment (movable and immovable, including mining land) of the Company, present and future, and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 7.90% p.a to 8.95% p.a. (2019-20: 8.95% p.a.).

Note	Particulars	As at March 31, 2021	As at March 31, 2020
14	**Other financial liabilities**		
	Non-current		
	Security deposits received	660	670
	Loan from others	193	55
	Loan from related party	900	900
	Total	**1,753**	**1,625**
	Current		
	Current maturities of non-current borrowings	2,965	4,236
	Interest accrued but not due on borrowings (Refer Note 37)	404	4,814
	Payables on purchase of property, plant and equipment	59	100
	Total	**3,428**	**9,150**
	Total other financial liabilities	**5,181**	**10,775**

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2021	As at March 31, 2020
15	**Provisions**		
	Gratuity (Refer Note 31)	103	104
	Compensated absences (Refer Note 31)	81	66
	Total provisions	**184**	**170**
	Non-current		
	Gratuity	65	75
	Compensated absences	58	48
	Total	**123**	**123**
	Current		
	Gratuity	38	29
	Compensated absences	23	18
	Total	**61**	**47**
16	**Other Liabilities**		
	Non-current		
	Liability for land restoration	50	50
	Total	**50**	**50**
	Current		
	Advance from customers	1,044	495
	Advance from related parties (Refer Note 33 and 37)	-	4,814
	Statutory remittances	892	474
	Total	**1,936**	**5,783**
	Total other liabilities	**1,986**	**5,833**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
17	**Revenue from operations**		
	Revenue from		
	- Sale of cement (Refer Note 38)	37,663	33,881
	- Sale of power	-	1,151
	Other operating income		
	- Sale of scrap	3	19
	- Insurance claims	8	8
	- Others	4	2
	Total revenue from operations	**37,678**	**35,061**
18	**Other income**		
	Interest Income on financial assets carried at amortised cost	28	30
	Rent received from employees	7	2
	Net gain on foreign currency transactions and translation	66	-
	Net gain on fair value change in financial instruments	-	47
	Liabilities no longer required written back	15	22
	Total other income	**116**	**101**
19	**Cost of materials consumed**		
	Opening stock	329	271
	Add: Purchases	4,864	4,548
	Less: Closing stock	693	329
	Cost of materials consumed	**4,500**	**4,490**
	Details of materials consumed		
	Limestone	1,794	1,786
	Laterite	1,104	1,070
	Iron-ore sludge	226	274
	Gypsum	434	469
	Fly ash	458	418
	Slag	382	364
	Others	102	109
	Total	**4,500**	**4,490**
20	**Changes in inventories of finished goods, and work-in-progress**		
	Inventories at the beginning of the year:		
	Finished goods	495	283
	Work-in-progress	847	679
		1,342	**962**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Inventories at the end of the year:		
	Finished goods	221	495
	Work-in-progress	274	847
		495	**1,342**
	Net decrease/ (increase)	**847**	**(380)**
21	**Employee benefit expenses**		
	Salaries and wages, including bonus	1,042	932
	Contribution to provident and other funds (Refer Note 31)	95	92
	Staff welfare expenses	63	69
	Total employee benefit expenses	**1,200**	**1,093**
22	**Finance cost**		
	Interest expense	1,868	2,391
	Interest on deposits from dealers	24	32
	Interest on lease liability	1	2
	Other borrowing cost	1,520	1,560
	Total finance cost	**3,413**	**3,985**
23	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment (Refer Note 2)	2,193	2,143
	Depreciation on right of use assets (Refer Note 4 and 34)	27	25
	Amortisation of intangible assets (Refer Note 3)	1	-
	Total depreciation and amortisation expense	**2,221**	**2,168**
24	**Other expenses**		
	Packing material consumed	1,368	1,419
	Stores and spares consumed	957	891
	Repairs and maintenance		
	Buildings	2	-
	- Plant and equipment	830	765
	- Others	233	145
	Selling expense	462	485
	Expected credit loss allowance	73	63
	Provision for incentives receivable from government	84	-
	Advances written off	-	125
	Rent	42	44
	Insurance	84	69

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Rates and taxes	33	31
	Payment to Auditors (Refer Note (i) below)	21	18
	Travelling expenses	68	76
	Security services	110	119
	Donations and contributions	7	6
	Legal and professional	259	253
	Administrative expenses	31	26
	Printing and stationery	3	3
	Communication	10	10
	Net Loss on foreign currency transactions and translation	-	43
	Director sitting fees	7	3
	Miscellaneous expenses	45	9
	Net loss on fair value change in financial instruments	46	-
	Captive consumption of Cement	(10)	(22)
	Total other expenses	**4,765**	**4,581**
	Note (i):		
	Payment to Auditors (net of taxes) comprises:		
	For audit	11	11
	For limited review	5	5
	For other services	5	2
	Total	**21**	**18**
25	**Income tax expense**		
	(a) Income tax recognized in the statement of profit and loss		
	Current tax:		
	In respect of current year	-	-
	Total current tax	**-**	**-**
	Deferred tax		
	In respect of current year origination and reversal of temporary differences	1,536	1,209
	Total deferred tax	**1,536**	**1,209**
	Total tax expense	**1,536**	**1,209**
	(b) Reconciliation of effective tax rate:		
	Profit/ (loss) before tax (A)	4,382	708
	Statutory tax rate in India (B)	27.82%	27.82%
	Expected tax expense (C = A*B)	1,219	197

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Effect on expenses disallowed under Income Tax Act, 1961	348	305
	Effect on change in depreciation while filing Income tax return	(4)	-
	Effect on change in Income tax rate	-	680
	Others	(27)	27
	Total	317	1,012
	At the effective income tax rate	1,536	1,209
	Total Tax expense	1,536	1,209

(c) Movements in deferred tax assets and liabilities for the year 2020-21:

Particulars	Opening balance	(Recognised) / reversed through the statement of profit and loss	(Recognised) / Reversed through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(6,710)	(186)	-	(6,896)
Provision for employee benefits	45	6	-	51
Carry forward business unabsorbed depreciation and business losses	8,708	(1,399)	-	7,309
Expected credit loss allowance	31	43	-	74
Total Deferred tax asset (Net)	**2,074**	**(1,536)**	**-**	**538**

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

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

All amounts are in ₹ lakhs unless otherwise stated

(d) Current tax assets and liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax assets (Net of provision of ₹ Nil (2019-20: ₹ Nil)	176	155
Income tax liabilities	-	-
Net Income tax assets	**176**	**155**

26. COVID-19 is the infectious disease caused by the coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. The Company has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial results in determining the possible effects on the Inventories, receivables, deferred tax assets and other current assets, that may result from the COVID-19 pandemic. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

27. Contingent liabilities and capital commitments:

a) Contingent liabilities:

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
Direct tax matters	1,875	1,875
Indirect tax matters	521	521

(ii) The Finance Minister of Government of India had announced, in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the Company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 311 (As at March 31, 2020: ₹ 311) from March 2016 to September 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 311 was reversed, but under protest. As at March 31, 2021, the matter is pending before the central excise department and pending resolution, CENVAT credit has not been availed by the Company.

All amounts are in ₹ lakhs unless otherwise stated

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

b) Capital commitments:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of capital advance)	973	508

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, 2021**	**As at March 31, 2020**
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	4	23
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

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

29. Financial Instruments:

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

A) Capital Management:

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

Gearing ratio

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

Particulars	As at March 31, 2021	As at March 31, 2020
Debt (Refer Note below)	26,461	32,165
Cash and bank balances	2,367	76
Net debt	24,094	32,089
Total equity	17,060	5,710
Net debt to equity ratio	1.41	5.62

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

B) Categories of Financial Instruments:

The carrying value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Assets		
Measured at fair value through profit and loss (FVTPL)		
Derivative Assets	1	47

All amounts are in ₹ lakhs unless otherwise stated

Measured at amortised cost		
(i) Trade receivables	2,769	4,190
(ii) Cash and cash equivalents	2,005	7
(iii) Other bank balances	362	69
(iv) Other financial assets	343	368
Total Financial assets	**5,480**	**4,681**

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Liabilities		
Measured at amortised cost		
(i) Borrowings	25,368	31,210
(ii) Trade payables	5,286	5,382
(iii) Lease liabilities	5	27
(iv) Other financial liabilities	2,216	6,539
Total Financial liabilities	**32,875**	**43,158**

C) Financial risk management objectives:

The Company's corporate finance function monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse 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.

D) Market risk:

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

Interest rate risk management:

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

Interest rate sensitivity analysis

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

All amounts are in ₹ lakhs unless otherwise stated

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's: Loss for the year ended March 31, 2021 would decrease/increase by ₹ 71 (for the year ended March 31, 2020: decrease/increase by ₹ 106). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	4	22,40,000	1,655	Buy	Rupees

E) Credit risk management:

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have significant credit risk exposure to any single counterparty, except for three customers against whom the concentration of credit risk did not exceed 15% of gross monetary assets. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets. The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

All amounts are in ₹ lakhs unless otherwise stated

F) Liquidity Risk Management:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2021 and March 31, 2020. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

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

Financing Facilities:

Particulars	As at March 31, 2021	As at March 31, 2020
Secured bills acceptance facility, reviewed annually		
- amount used	101	1,162
- amount unused	3,399	338
Total	**3,500**	**1,500**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	509	3,298
- amount unused	3,491	702
Total	**4,000**	**4,000**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	3,293	3,701
- amount unused	-	-
Total	**3,293**	**3,701**

All amounts are in ₹ lakhs unless otherwise stated

Secured non-convertible debentures - amount used - amount unused	 10,385 -	 12,692 -
Total	**10,385**	**12,692**
Secured loan from holding company - amount used - amount unused	 - -	 1,500 -
Total	**-**	**1,500**

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 are as follows:

Particulars	**< 1 Year**	**1 – 2 years**	**> 2 years**
Trade Payables	5,286	-	-
Lease liabilities	4	1	-
Other financial liabilities	463	345	1,408
Borrowings (including current maturities of non-current borrowings)	3,474	3,069	18,825

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

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

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

The details of loans and advances taken from holding Company:

Particulars	**Balance as at**		**Maximum amount outstanding during the year ended**	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Sagar Cements Limited	-	6,314	6,486	7,420

31. Employee Benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan

Provident fund:

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated to ₹ 61 (2019-20: ₹ 59).

Employee State Insurance:

The Company makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated to ₹ 1 (2019-20: ₹ 2).

(ii) Defined benefit plan

Gratuity:

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

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as per actuarial valuation as at March 31, 2021 and March 31, 2020:

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	6.92%	6.73%
Expected rate of return on plan asset	7.26%/7.60%	7.65%
Expected average remaining working lives of employees	19.70 years	20.65 years
Rate of escalation in salary	10%	10%
Attrition rate	10%	10%

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	27	26
Interest expense	9	20
Expected return on plan assets	(3)	(14)
Other adjustments	1	-
Defined benefit cost included in profit and loss	**34**	**32**
Re-measurement effects recognized in Other Comprehensive Income (OCI)		
Actuarial loss/ (gain)	1	(4)
Components of defined benefit costs recognized in OCI	**1**	**(4)**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Present value of funded defined benefit obligations	174	144
Fair value of plan assets	(71)	(40)
Net liability arising from defined benefit obligation	103	104

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Defined benefit obligation at the beginning of the year	144	104
Current service cost	27	26
Interest cost	9	20
Re-measurements - Actuarial loss / (gain)	1	(4)
Benefits paid out of plan assets	(7)	(2)
Defined benefit obligation at the year end	**174**	**144**

(e) Maturity profile of defined benefit obligation:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within 1 year	38	29
1 – 2 years	17	11
2 – 3 years	14	15
3 – 4 years	16	11
4 – 5 years	13	13
5 – 10 years	60	49

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of the plan assets	40	21
Expected return on plan assets	3	14
Contributions from the employer	35	7
Benefits paid out of plan assets	(7)	(2)
Fair value of plan asset at the year end	**71**	**40**

(g) Sensitivity Analysis:

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

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	163	187	134	155
Effect of 1% change in assumed salary rate	187	162	155	134

Effect of 1% change in assumed attrition rate	172	177	142	146

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

Compensated absences:

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

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount Rate	6.92%	6.73%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM (2012-14) (Ultimate)	IALM (2012-14) (Ultimate)

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

32. Segment Reporting:

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

The Company has identified business segments as its reportable segment. Business segments are primarily cement manufacturing segment and power generation segment. No operating segments have been aggregated in arriving at the reportable segments of the Company. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Property, plant and equipment is being allocated to reportable segment distinctly identified to power is allocated to power segment and remaining is allocated to cement segment.

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation			
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue	**37,678**	**33,910**	**3,662**	**5,149**	**41,340**	**39,059**
Less: Inter-segment revenue	-	-	3,662	3,998	3,662	3,998
Total	**37,678**	**33,910**	**-**	**1,151**	**37,678**	**35,061**
Segment result	**7,828**	**4,808**	**(61)**	**(145)**	**7,767**	**4,663**
Unallocable:- Finance Costs					3,413	3,985
- Interest Income					(28)	(30)
Profit/ (Loss) before taxes					**4,382**	**708**
Tax expense					(1,536)	(1,209)
Profit/ (Loss) for the year					**2,846**	**(501)**

Particulars	Business segments				Total	
	Manufacturing of cement		Power generation			
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Segment assets	**37,133**	40,071	**11,810**	12,283	**48,943**	52,354
Un-allocable assets					3,162	2,517
Total assets					**52,105**	**54,871**
Segment liabilities	**8,157**	11,848	**23**	334	**8,180**	12,182
Un-allocable liabilities					26,865	36,979
Total liabilities					**35,045**	**49,161**

Revenue from major Customers:

The Company is not reliant on revenues from transactions with any single external customer and did not receive 10% or more of its revenues from transactions with any single customer for the period ended March 31, 2021 and March 31, 2020.

All amounts are in ₹ lakhs unless otherwise stated

33. Related Party Disclosures

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

Name	Relationship
Sagar Cements Limited	Holding Company
Key managerial personnel (KMP):	
Kolappa Thanu Pillai	Chairman of the Board of Directors
Onteddu Swaminatha Reddy	Chairman of the Board of Directors (Upto June 24, 2020)
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Director
S. Sahithi	Executive Director (ED)
Onteddu Rekha	Director
Valliyur Hariharan Ramakrishnan	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
Relatives of KMP:	
S. Vanajatha	Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
R V Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence

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

Nature of transaction	Party name	Year ended March 31, 2021	Year ended March 31, 2020
Purchase of packing materials	Panchavati Polyfibres Limited	1,484	1,412
Sale of power	Sagar Cements Limited	-	1,083
Purchase of coal	Sagar Cements Limited	-	947
Purchase of scrap	Sagar Cements Limited	1	2
Services received	Sagarsoft (India) Limited	21	14
	Sagar Cements Limited	360	360
	Total	**381**	**374**

All amounts are in ₹ lakhs unless otherwise stated

Rent expenses paid	Dr. S. Anand Reddy	7	7
	S. Sreekanth Reddy	7	7
	S. Vanajatha	7	7
	Total	**21**	**21**
Reimbursement of expenses paid	Sagar Cements Limited	4	2
Interest expense on loan	Sagar Power Limited	99	99
Interest expense on loan, corporate guarantee and cumulative redeemable preference shares	Sagar Cements Limited	1,332	1,313
Loans and advances taken	Sagar Cements Limited – Advance	-	3,477
Repayment against loan taken	Sagar Cements Limited	1,500	500

Compensation to key managerial personnel is as follows:

Nature of the transaction	Party Name	For the year ended	
		March 31, 2021	March 31, 2020
Short-term benefits	MD, ED, CS and CFO	36	36
Sitting fee	Chairman, MD, ED, CS, CFO and Directors	7	3

Outstanding balances:

Nature of the balance	Party name	As at March 31, 2021	As at March 31, 2020
Borrowings	Sagar Cements Limited	-	1,500
Advances received	Sagar Cements Limited	-	4,814
Advances given	Sagar Cements Limited	79	-
Interest accrued but not due	Sagar Cements Limited	-	4,293
Interest payable	Sagar Power Limited	-	11
Trade payables	Sagarsoft (India) Limited	-	1
	Panchavati Polyfibres Limited	207	410
	Total	**207**	**411**

All amounts are in ₹ lakhs unless otherwise stated

8% Cumulative Redeemable Preference Shares	Sagar Cements Limited	11,181	10,019
Loans	Sagar Power Limited	900	900
Corporate guarantee taken	Sagar Cements Limited	19,643	19,643

34. Operating Lease

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

Operating lease commitments

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

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

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

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations.

All amounts are in ₹ lakhs unless otherwise stated

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

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

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

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	25	-
Recognition on adoption of Ind AS 116	-	50
Additions	6	
Depreciation	(27)	(25)
Closing Balance	**4**	**25**

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

The following is the movement in lease liabilities during the year ended March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	27	-
Recognition on adoption of Ind AS 116	-	50
Additions	6	-
Finance cost accrued during the year	1	2
Payment of lease liabilities	(29)	(25)
Closing Balance	**5**	**27**

The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Non-current lease liabilities	1	25
Current lease liabilities	4	2
Total	**5**	**27**

All amounts are in ₹ lakhs unless otherwise stated

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on discounted basis

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within one year	4	2
After one year but not more than five years	1	25

35. Earnings per share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit/ (loss) for the period (₹ in lakhs)	2,846	(501)
Weighted average number of equity shares outstanding	105,677,035	103,812,925
Earnings per share:		
Basic and Diluted (in ₹)	2.69	(0.81)

36. During the year 2015-16, the holding Company gave corporate guarantee for the loans availed by the Company and on account of the same, the loans were given at concessional rate to the Company. The fair value of the corporate guarantee aggregating to ₹ 401 (March 31, 2020: ₹ 401) has been accounted as deemed investment in equity.

37. The Company has issued 1,21,50,000 equity shares of Rs.10/- each at a premium of Rs.60/- per share to Sagar Cements Limited, Holding Company. Consequent to the issue of fresh equity shares, total no. of equity shares increased to 11,59,62,925 and paid up share capital increased to ₹ 11,596. The above shares were issued against the interest accrued payable on unsecured loan and advances payable of an amount of ₹ 3,614 and ₹ 4,814 respectively and balance share issue amount of ₹ 77 received in cash.

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per Contract price	42,610	37,931
Less: Discounts and incentives	(4,947)	(4,050)
Revenue as per statement of profit and loss	37,663	33,881

- The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.
- The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.

- The Company does not have any material performance obligations which are outstanding as at the year-end as the contracts entered for sale of goods are for short term in nature.

39. The Board of Directors of the Company in their meeting held on April 26, 2021 have approved the Scheme of Amalgamation of the Company with its parent company Sagar Cements Limited with effect from March 30, 2021 (Appointed date). The scheme is subject to necessary approval from the authorities concerned under section 230 and 232 of the Companies Act 2013. Upon approval of the Scheme from the concerned authorities, the undertakings of the Company shall get transferred to and vested in the Sagar Cements Limited (Parent Company) with effect from March 30, 2021 or such other date as the Hon'ble National Company Law Tribunal may approve. Pending such approval from authorities, the effect of merger has not been given in the financial statements of the Company.

40. The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received presidential assent in September 2020. The code has been published in the Gazette of India. However, the date on which the code will come into affect has not been notified. The Company will assess the impact of the code when it comes into effect and will any related impact in the period the code becomes effective.

41. These financial statements were approved by the Company's Board of Directors on May 12, 2021.

For and on Behalf of the Board of Directors

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

S. Sahithi
Executive Director
DIN No. 07293511

R. Soundararajan
Company Secretary
M.No. F4182

K. Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 12, 2021

Independent Auditor's Report

To The Members of Sagar Cements Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of **Sagar Cements Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	Auditor's Response
Revenue recognition – Price Equalizer Discounts **(Refer Note 41 of the Standalone financial statements)** • Revenue is measured net of discounts earned by customers on the Company's sales. • Due to the Company's presence across different marketing regions within the country and the competitive business environment, price equalizer discounts vary based on the customer and market it caters to and recognised based on sales made during the year. These discounts are calculated based on the market study reports which are collated periodically by the management and are prone to manual interventions. • Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price equalizer discounts. • Given the complexity involved in the assessment of price equalizer discounts and their periodic recognition against sales, the same is considered as key audit matter.	**Principal audit procedures performed:** • Assessed the appropriateness of the Company's accounting policies relating to price equalizer discounts by comparing with applicable accounting standards. • Assessed the design and tested the implementation and operating effectiveness of Company's internal controls over the approvals, calculation, accounting and issuance of credit notes. • Obtained and inspected, on a sample basis, supporting documentation for price equalizer discounts recorded and credit note issued during the year as well as credit notes issued after the year end date to determine whether these were recorded appropriately. • Compared the historical trend of price equalizer discounts to sales made to determine the appropriateness of current year's discount charge.

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / payable by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its 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 has been no delay in transferring amounts, 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)
(UDIN: 21201193AAAADJ2094)

Place: Hyderabad
Date: May 12, 2021

Annexure "A" to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of **Sagar Cements Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2021, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 21201193AAAADJ2094)

Place: Hyderabad
Date: May 12, 2021

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 lender. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(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 has granted unsecured loans to 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 has been regular and interest have been regular as per stipulations except for interest relating to one loan, which has not been repaid owing to certain contractual obligations which prevent the party from repayment.

c) There is no overdue amount remaining outstanding as at the balance sheet.

(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, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Entry Tax which have not been deposited as on March 31, 2021 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	CESTAT	2011-12 to 2012-13	214	168
		Commissioner of Appeals	2010-11 to 2017-18	1,301	11
		Assistant Commissioner	2014 -15 to 2015-16	41	41
Sales Tax and VAT laws	Sales Tax and VAT	Sales Tax Appellate Tribunal	1999-2000	20	15
		High Court of Telangana and Andhra Pradesh	2010-11	7	7
		High Court of Telangana	2017-18 to 2018-19	209	157
The Customs Act, 1962	Customs Duty	CESTAT	2012-13	193	189
The Finance Act, 1994	Service Tax	Assistant Commissioner	2016-17 to 2017-18	181	175
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2009-10 to 2010-11	28	28
		Commissioner of Income-tax (Appeals)	2012-13	25	-
		Commissioner of Income-tax (Appeals)	2017-18	92	92
Local Areas Act, 2001	Entry Tax	Additional Divisional Commissioner, Rural Division, Hyderabad	2012-13 to 2015-16	11	7
		High Court of Telangana and Andhra Pradesh	2016-17 to 2017-18	88	66

There are no dues of Goods and Services Tax as on March 31, 2021 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 of proceeds.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

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

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares and Company has not issued any debentures during the year under review.

In respect of the above issue, we further report that:

a. the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b. the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary companies 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)
(UDIN: 21201193AAAADJ2094)

Place: Hyderabad
Date: May 12, 2021

Balance Sheet
as on March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	79,241	83,275
(b) Capital work-in-progress		2,536	1,983
(c) Intangible assets	3	23	13
(d) Right of use assets	4	55	130
(e) Financial assets			
(i) Investments	5	62,128	47,726
(ii) Loans	6	2,500	-
(iii) Other financial assets	7	1,263	1,381
(f) Income tax assets (net)	27	274	308
(g) Other non-current assets	8	1,160	859
Total Non-current assets		**1,49,180**	**1,35,675**
Current assets			
(a) Inventories	9	9,197	8,067
(b) Financial assets			
(i) Trade receivables	10	7,305	9,486
(ii) Cash and cash equivalents	11	19,433	171
(iii) Bank balances other than cash and cash equivalents	12	914	843
(iv) Loans	6	-	1,500
(v) Other financial assets	7	252	4,614
(c) Other current assets	8	4,649	7,258
Total Current assets		**41,750**	**31,939**
TOTAL ASSETS		**1,90,930**	**1,67,614**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	2,350	2,228
(b) Other equity	14	1,22,283	1,01,023
Total Equity		**1,24,633**	**1,03,251**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	12,397	11,514
(ii) Lease liabilities	36	41	126
(iii) Other financial liabilities	16	5,700	8,683
(b) Provisions	17	490	843
(c) Deferred tax liabilities (net)	27	8,200	4,391
(d) Other non-current liabilities	18	179	179
Total Non-current liabilities		**27,007**	**25,736**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	9,708	10,765
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		13	125
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		17,491	16,729
(iii) Lease liabilities	36	20	10
(iv) Other financial liabilities	16	3,983	6,886
(b) Provisions	17	376	308
(c) Income tax liabilities (net)	27	1,170	602
(d) Other current liabilities	18	6,529	3,202
Total Current liabilities		**39,290**	**38,627**
Total Liabilities		**66,297**	**64,363**
TOTAL EQUITY AND LIABILITIES		**1,90,930**	**1,67,614**
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
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Statement of Profit and Loss
for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	19	1,00,170	84,758
II	Other income	20	2,069	1,632
III	**Total Income (I + II)**		**1,02,239**	**86,390**
IV	**Expenses**			
	(a) Cost of materials consumed	21	15,210	15,983
	(b) Purchases of stock-in-trade	22a	2,028	4,117
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22b	1,389	(602)
	(d) Employee benefit expenses	23	6,604	5,570
	(e) Finance costs	24	2,525	3,392
	(f) Depreciation and amortisation expense	25	5,620	5,507
	(g) Power and fuel expenses		17,536	21,675
	(h) Freight and forwarding		15,563	14,171
	(i) Other expenses	26	11,525	11,954
	Total Expenses		**78,000**	**81,767**
V	**Profit before tax (III - IV)**		**24,239**	**4,623**
VI	**Tax expense**			
	(a) Current tax	27	6,610	850
	(b) Deferred tax	27	1,433	300
	Total Tax expense		**8,043**	**1,150**
VII	**Profit after tax (V - VI)**		**16,196**	**3,473**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit and loss			
	(a) Remeasurement of the defined benefit plan		12	(64)
	(ii) Income tax relating to items that will not be reclassified to profit and loss		(4)	22
	Other comprehensive income for the year, net of tax		**8**	**(42)**
IX	**Total comprehensive income (VII + VIII)**		**16,204**	**3,431**
X	**Earnings per share (Face value of ₹ 10 each)**			
	Basic and Diluted	37	70.02	16.17
	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
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Statement of Changes in Equity
for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

A. EQUITY SHARE CAPITAL

Particulars	Amount
Balance at March 31, 2019	2,040
Changes in equity share capital during the year	188
Balance at March 31, 2020	**2,228**
Changes in equity share capital during the year	122
Balance as at March 31, 2021	**2,350**

B. OTHER EQUITY

Particulars	Reserves and surplus				Other items of other comprehensive income	Money received against share warrants	Total other equity
	Capital reserve	Securities premium account	General reserve	Retained earnings			
Balance as at March 31, 2019	**35**	**32,007**	**3,598**	**46,981**	**(150)**	**5,658**	**88,129**
Profit for the year	-	-	-	3,473	-	-	3,473
Dividend on equity shares (including tax)	-	-	-	(615)	-	-	(615)
Other comprehensive income for the year (net of tax ₹ 22)	-	-	-	-	(42)	-	(42)
Money received against share warrant (Refer Note 39)	-	-	-	-	-	10,266	10,266
Allotment of equity shares upon conversion of warrants (Refer Note 39)	-	-	-	-	-	(188)	(188)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	-	13,500	-	-	-	(13,500)	-
Balance as at March 31, 2020	35	45,507	3,598	49,839	(192)	2,236	1,01,023
Profit for the year	-	-	-	16,196	-	-	16,196
Dividend on equity shares	-	-	-	(1,528)	-	-	(1,528)
Other comprehensive income for the year (net of tax ₹ 4)	-	-	-	-	8	-	8
Money received against share warrant (Refer Note 39)	-	-	-	-	-	6,706	6,706
Allotment of equity shares upon conversion of warrants (Refer Note 39)	-	-	-	-	-	(122)	(122)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	-	8,820	-	-	-	(8,820)	-
Balance as at March 31, 2021	**35**	**54,327**	**3,598**	**64,507**	**(184)**	**-**	**1,22,283**

See accompanying notes forming part of the Standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Statement of Cash Flows
for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
A	**Cash flow from operating activities**				
	Profit after tax		16,196		3,473
	Adjustments for				
	Tax expense	8,043		1,150	
	Depreciation and amortization expense	5,620		5,507	
	Finance costs	2,525		3,392	
	Interest income	(1,707)		(1,447)	
	Liabilities no longer required written back	(31)		(22)	
	Advances written off	-		25	
	Expected credit loss allowance on trade receivables	12		215	
	Unrealised loss on foreign currency transactions and translation	16		169	
	Net loss/ (gain) on fair value change in financial instruments	120		(125)	
	Profit on sale of property, plant and equipment (net)	(50)		(33)	
	Incentives received from government	(1,714)		(1,072)	
			12,834		7,759
	Operating profit before working capital changes		**29,030**		**11,232**
	Changes in working capital				
	Adjustments for (increase)/decrease in operating assets:				
	Trade receivables	2,169		(1,887)	
	Inventories	(1,130)		2,544	
	Other financial assets	203		(51)	
	Other assets	(502)		1,060	
			740		1,666
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	665		1,695	
	Other financial liabilities	(75)		1,234	
	Provisions	(273)		221	
	Other liabilities	3,327		(1,573)	
			3,644		1,577
	Cash generated from operating activities		**33,414**		**14,475**
	Less: Income tax paid		(3,635)		(1,004)
	Net cash generated from operating activities		**29,779**		**13,471**
B	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances	(2,608)		(6,682)	
	Deposits not considered as cash and cash equivalents				
	- Placed	(178)		(1,760)	
	- Matured	-		2,166	
	Proceeds from disposal of plant and equipment	103		66	
	Investments in subsidiaries during the year	(10,502)		(12,800)	
	Interest received	1,044		153	
	Net cash used in investing activities		**(12,141)**		**(18,857)**

Statement of Cash Flows
for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
C	**Cash flow from financing activities**				
	Proceeds on allotment of equity shares upon conversion of warrants	6,706		10,266	
	Proceeds from non-current borrowings	5,701		12,394	
	Repayment of non-current borrowings	(4,433)		(15,326)	
	Repayment of unsecured loans from related party	1,500		500	
	Payment of unsecured loans to related parties	(2,500)		-	
	Proceeds from current borrowings (net)	(1,057)		110	
	Repayment of lease liabilities	(126)		(117)	
	Finance costs	(2,639)		(3,439)	
	Dividends paid including tax	(1,528)		(615)	
	Net cash generated from financing activities		**1,624**		**3,773**
	Net increase/ (decrease) in cash and cash equivalent (A+B+C)		**19,262**		**(1,613)**
	Cash and cash equivalent at the beginning of the year		171		1,784
	Cash and cash equivalent at the end of the year (Refer Note 11)		**19,433**		**171**
	Note:				
	Cash and cash equivalents comprises of:				
	Cash in hand		1		4
	Balances with banks		582		167
	Deposits with banks		18,850		-
	Cash and cash equivalents (Refer Note 11)		**19,433**		**171**

Reconciliations of liabilities from financing activities:

Particulars	As at April 01, 2020	Proceeds	Repayment	Fair value changes	As at March 31, 2021
Long-term borrowings (including current maturities)	14,792	5,701	(4,433)	-	16,060
Short-term borrowings	10,765	-	(1,057)	-	9,708
Total liabilities from financing activities	**25,557**	**5,701**	**(5,490)**	**-**	**25,768**

Particulars	As at April 01, 2019	Proceeds	Repayment	Fair value changes	As at March 31, 2020
Long-term borrowings (including current maturities)	17,724	12,394	(15,326)	-	14,792
Short-term borrowings	10,655	551	(441)	-	10,765
Total liabilities from financing activities	**28,379**	**12,945**	**(15,767)**	**-**	**25,557**

Reconciliation of lease liability:

Particulars	As at April 01, 2020	Additions	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2021
Lease liabilities	136	43	8	(126)	61

Particulars	As at April 01, 2019	Recognition on adoption of Ind AS 116	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2020
Lease liabilities	-	242	11	(117)	136

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Corporate Information:

Sagar Cements Limited ("the Company") 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. The Company has its registered office at Hyderabad, Telangana. Its shares are listed on The National Stock Exchange (NSE) and the BSE Limited of India.

b) Significant accounting policies

i) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as 'Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India (SEBI). The Company has consistently applied accounting policies to all periods.

ii) Basis of preparation and presentation

These 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 at the time of their acquisition.

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) Functional and Presentation currency

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

Rounding of amounts

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

iv) Use of estimates and Judgements

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

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

- **Useful lives of property, plant and equipment and amortisation** of intangible assets
  Depreciation on plant and machinery, railway siding and land restoration is calculated on a straight-line basis and property, plant and equipment other than stated above and amortisation of intangible assets is calculated on a diminishing balance method basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment and intangibles as estimated by the management. The management believes that depreciation and amortisation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

This reassessment may result in change in depreciation expense in future periods.

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

- **Recognition of deferred tax assets and liabilities**
  Deferred tax assets and liabilities are recognized for deductible temporary differences and unused tax losses for which there is probability of utilization against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits and business developments.

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

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

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

- **Leases**
  Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

- **Impairment of investments in subsidiaries**
  Determining whether the investments in subsidiaries, are impaired requires an estimate of the value in use of investments. In considering the value in use, the management has anticipated the capacity utilisation of plants, operating margins, mineable resources and availability of infrastructure of mines, and other factors of the underlying businesses/operations of the investee Companies. Any subsequent changes to the cash flows due to changes in the above-mentioned factors could impact the carrying value of investments.

- **Inventories**
  Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Company makes an estimate of future selling prices and costs necessary to make the sale.

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

v) Revenue recognition:

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

Revenue from service contracts with customers is recognized when the services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those services.

Generation of Power:

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

Dividend and interest income

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

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

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

vi) Borrowing costs

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

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

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

vii) Government grants

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

a) The Company will comply with the conditions attached to them; and

b) The grant will be received.

viii) Employee benefits

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

Defined Contribution Plans:

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense to the statement of profit and loss 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 and loss. Past service cost is recognised in profit and 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

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense

Compensated Absences:

The employees of the Company are entitled to compensate absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

Short-term employee benefits

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

ix) Taxation

Income tax expense represents the sum of current tax and deferred tax. Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and 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.

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.

Minimum alternate tax

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

x) Property, plant and equipment

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

Capital works in progress 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 Capital works in progress 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 and 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 diminishing balance method, based on the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of asset	Useful lives
Railway siding	25 years
Plant and machinery other than continuous process plant	3 - 25 years
Electrical installations	15 years and 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.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

Land-Restoration:

The Company provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows. The site restoration provision before exploitation of the raw materials has commenced is included in Property, Plant and Equipment and depreciated over the life of the related asset.

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

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

xi) Intangible assets

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

xii) Inventories

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

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

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

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

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

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

xiv) Foreign currency transactions and translations:

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

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.

xv) Financial Instruments:

(A) Initial recognition:

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and 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 and loss are recognized immediately in profit and loss.

(B) Subsequent measurement:

Non-derivative Financial Instruments:

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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 other than investment in equity instruments of subsidiaries 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 and loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit and 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.

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit and Loss (FVTPL). Interest income is recognised in statement of profit and loss and is included in the "other income" line item.

e. **Derivative Financial Instruments:**

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

f. Investment in subsidiaries:

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

(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 and loss if such gain or loss would have otherwise been recognized in profit and 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 and loss.

xvi) Impairment of assets

a. **Financial assets:**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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 and 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.

c. Impairment of investment in subsidiaries

Determining whether the investments in subsidiaries are impaired requires an estimate of the value in use of investments. In considering the value in use, the management has anticipated the capacity utilisation of plants, operating margins, mineable resources and availability of infrastructure of mines, and other factors of the underlying businesses/operations of the investee Companies. Any subsequent changes to the cash flows due to changes in the above-mentioned factors could impact the carrying value of investments

xvii) Earnings per share

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

xviii) Provisions

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

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

xix) Leases

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

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

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee,

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All amounts are in ₹ Lakhs unless otherwise stated

except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

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

xx) 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.

xxi) Exceptional items:

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed separately in the financial statements.

xxii) New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

2. PROPERTY, PLANT AND EQUIPMENT

Particulars	As at March 31, 2021	As at March 31, 2020
Land - freehold	7,045	7,051
Land - restoration	125	134
Buildings	16,174	17,401
Plant and machinery	45,732	47,673
Furniture and fittings	130	171
Office and other equipment	1,078	1,118
Electrical installations	3,381	3,887
Computers	52	48
Vehicles	204	223
Railway siding	5,320	5,569
Total	**79,241**	**83,275**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2020-21

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway sliding	Total
I. Gross block											
Opening Balance	**7,051**	**179**	**25,551**	**69,439**	**837**	**4,516**	**8,757**	**292**	**880**	**6,684**	**1,24,186**
Add: Additions	-		235	810	2	173	182	30	88	-	1,520
Less: Disposals	6		-	18	-	-	13	-	148	-	185
Balance as at March 31, 2021	**7,045**	**179**	**25,786**	**70,231**	**839**	**4,689**	**8,926**	**322**	**820**	**6,684**	**1,25,521**
II. Accumulated depreciation											
Opening Balance	**-**	**45**	**8,150**	**21,766**	**666**	**3,398**	**4,870**	**244**	**657**	**1,115**	**40,911**
Add: Depreciation expense	-	9	1,462	2,735	43	213	678	26	86	249	5,501
Less: Eliminated on disposal of assets	-		-	2	-	-	3	-	127	-	132
Balance as at March 31, 2021	**-**	**54**	**9,612**	**24,499**	**709**	**3,611**	**5,545**	**270**	**616**	**1,364**	**46,280**
Net block (I-II)											
Carrying value as at March 31, 2021	**7,045**	**125**	**16,174**	**45,732**	**130**	**1,078**	**3,381**	**52**	**204**	**5,320**	**79,241**
Carrying value as at March 31, 2020	7,051	134	17,401	47,673	171	1,118	3,887	48	223	5,569	83,275

For the year 2019-20

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway sliding	Total
I. Gross block											
Opening Balance	**7,051**	**179**	**22,065**	**59,535**	**802**	**4,206**	**7,737**	**269**	**962**	**6,684**	**1,09,490**
Add: Additions	-	-	3,486	9,936	35	310	1,045	23	57	-	14,892
Less: Disposals	-	-	-	32	-	-	25	-	139	-	196
Balance as at March 31, 2020	7,051	179	25,551	69,439	837	4,516	8,757	292	880	6,684	1,24,186
II. Accumulated depreciation											
Opening Balance	**-**	**36**	**6,730**	**19,173**	**616**	**3,159**	**4,197**	**219**	**684**	**866**	**35,680**
Add: Depreciation expense	-	9	1,420	2,606	50	239	697	25	99	249	5,394
Less: Eliminated on disposal of assets	-	-	-	13	-	-	24	-	126	-	163
Balance as at March 31, 2020	-	45	8,150	21,766	666	3,398	4,870	244	657	1,115	40,911
Net block (I-II)											
Carrying value as at March 31, 2020	**7,051**	**134**	**17,401**	**47,673**	**171**	**1,118**	**3,887**	**48**	**223**	**5,569**	**83,275**
Carrying value as at March 31, 2019	7,051	143	15,335	40,362	186	1,047	3,540	50	278	5,818	73,810

Pledge on property, plant and equipment:

1. Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 79,037 (March 31, 2020: ₹ 83,052) are subject to a pari-passu first charge on the Company's term loans. Further, the property, plant and equipment (other than vehicles) are subject to a pari-passu second charge on the Company's current borrowings. Refer Note 15.

2. Vehicles with carrying amount of ₹ 204 (March 31, 2020: ₹ 223) are hypothecated to respective banks against vehicle loans.

Notes to the Standalone Financial Statements

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3. INTANGIBLE ASSETS

Particulars	As at March 31, 2021	As at March 31,2020
Computer software	23	13
Total	**23**	**13**

Computer Software:

Particulars	As at March 31, 2021	As at March 31,2020
I. Gross block		
Opening Balance	267	**267**
Add: Additions	11	-
Less: Disposals	-	-
Closing Balance	**278**	**267**
II. Accumulated amortisation		
Opening Balance	254	**253**
Add: Amortisation expense	1	1
Less: Eliminated on disposal of assets	-	-
Closing Balance	**255**	**254**
Net block (I-II)		
Carrying Value	23	13

4. RIGHT OF USE ASSETS

Particulars	As at March 31, 2021	As at March 31,2020
Buildings	55	130
Total	**55**	**130**

Buildings:

Particulars	As at March 31, 2021	As at March 31,2020
I. Gross block		
Opening Balance	242	**-**
Add: Recognition on adoption of Ind AS 116	-	242
Add: Additions	43	-
Less: Deletion	-	-
Closing Balance	**285**	**242**
II. Accumulated depreciation		
Opening Balance	**112**	**-**
Add: Depreciation expense	118	112
Closing Balance	**230**	**112**
Net block (I-II)		
Carrying Value	**55**	**130**

Note: Refer Note 36 on operating lease.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

5 INVESTMENTS IN SUBSIDIARIES

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Investments in equity instruments (Unquoted)				
Sagar Cements (R) Limited (100%, (March 31, 2020: 100%) shareholding) (Refer Note (i) below and Note 42)	11,59,62,925	27,058	10,38,12,925	18,553
Jajpur Cements Private Limited (100%, (March 31, 2020: 100%) shareholding) (Refer Note (iii) below and Note 39)	5,39,30,000	8,479	3,86,80,000	4,154
Satguru Cement Private Limited (65%, (March 31, 2020: 65%) shareholding) (Refer Note (iv) below and Note 39)	28,97,143	15,409	28,97,143	15,000
Investments in preference shares				
Sagar Cements (R) Limited				
8% Cumulative redeemable preference shares (Refer Note (ii) below)	4,30,00,000	11,182	4,30,00,000	10,019
		62,128		**47,726**
Aggregate amount of unquoted investments		**62,128**		**47,726**

Notes:

(i) Includes investment of ₹ 401 (March 31, 2020: ₹ 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, 2021, ₹ 1,163 (March 31, 2020: ₹ 1,044) has been recognised as interest income on preference shares and added to the cost of preference shares.

(iii) Includes investment of ₹ 254 (March 31, 2020: ₹ 254) on account of fair valuation of corporate guarantee given by the company on behalf of Jajpur Cements Private Limited, a wholly owned subsidiary.

(iv) Includes investment of ₹ 409 (March 31, 2020: ₹ Nil) on account of fair valuation of corporate guarantee given by the company on behalf of Satguru Cement Private Limited, a subsidiary Company.

6. LOANS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Loans to related party (Subsidiary) (Refer Note 35)	2,500	-
Total	**2,500**	-
Current		
Loans to related party (Subsidiary)	-	1,500
Total	-	**1,500**
Total loans	**2,500**	**1,500**
Note: No loans are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.		
Loans classification:		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured	2,500	-
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
Total Non-current loans	**2,500**	-
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured	-	1,500
Loans receivables which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
Total Current loans	-	**1,500**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

7. OTHER FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits	1,150	1,375
Balances held as margin money deposit against borrowings	113	6
Total	**1,263**	**1,381**
Current		
Security deposits	102	80
Advances to employees	63	63
Interest accrued but not due (Refer Note below and Note 42)	82	4,346
Derivative assets	5	125
Total	**252**	**4,614**
Total other financial assets	**1,515**	**5,995**

Note: As per the Subsidiary Company's agreement with the International Financial Corporation(IFC), subsidiary Company's obligation towards debts and interest are sub-ordinate to the payment due to IFC against the Non-convertible debentures issued to them.

8. OTHER ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Capital advances	840	550
Prepaid expenses	179	168
Balances with government authorities	141	141
Total	**1,160**	**859**
Current		
Advances to suppliers and service providers	653	423
Advances to related parties (Refer Note 42)	-	4,825
Prepaid expenses	346	251
Balances with government authorities	197	20
Excise duty refund receivable	194	194
Incentives receivable from government (Refer Note 40)	3,259	1,545
Total	**4,649**	**7,258**
Total other assets	**5,809**	**8,117**

9. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	1,014	788
Coal	3,671	2,600
Work-in-progress	429	1,408
Stores and spares	2,337	1,802
Packing materials	357	299
Finished goods	508	918
Total (A)	**8,316**	**7,815**
Goods-in-transit:		
Raw materials	4	-
Coal	838	250
Packing materials	37	-
Finished goods	2	2
Total (B)	**881**	**252**
Total inventories (A+B)	**9,197**	**8,067**

Note: Refer Note 1(b)(xii) for basis of valuation and for details of inventories pledged refer Note 15.

Notes to the Standalone Financial Statements

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10. TRADE RECEIVABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Secured	925	2,947
Trade receivables considered good - Unsecured (Refer Note below)	6,380	6,539
Trade receivables - credit impaired	707	695
Sub-total	**8,012**	**10,181**
Less: Expected credit loss allowance	(707)	(695)
Total trade receivable	**7,305**	**9,486**

Note: Includes ₹ 13 (March 31, 2020: Nil) receivable from related party. Also Refer Note 35.

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, 2021	As at March 31, 2020
Within the credit period	5,083	6,876
1-30 days past due	1,338	1,068
31-60 days past due	329	450
61-90 days past due	153	188
91-180 days past due	170	220
More than 180 days past due	939	1,379
Total	**8,012**	**10,181**

Movement in expected credit loss allowance

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	695	480
Add: Expected credit loss allowance	12	215
Balance at the end of the year	**707**	**695**

11. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Cash in hand	1	4
Balances with banks	582	167
Deposits with banks	18,850	-
Total Cash and cash equivalents	**19,433**	**171**

12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Unpaid dividend account	64	58
Margin money deposits (Refer Note below)	850	785
Total other bank balances	**914**	**843**

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

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

13 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each	2,35,00,000	2,350	2,35,00,000	2,350
Issued, subscribed and fully paid:				
Equity shares ₹ 10 each	2,35,00,000	2,350	2,22,75,000	2,228

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Opening balance	2,22,75,000	2,228	2,04,00,000	2,040
Allotment of equity shares upon conversion of warrants (Refer Note 39)	12,25,000	122	18,75,000	188
Closing balance	**2,35,00,000**	**2,350**	**2,22,75,000**	**2,228**

(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 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.

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
S. Aruna	13,69,545	5.83%	13,69,545	6.15%
Rachana Sammidi	11,67,283	4.97%	11,67,183	5.24%
Dr. S. Anand Reddy	13,06,524	5.56%	13,06,524	5.87%
S. Sreekanth Reddy	12,39,353	5.27%	12,39,353	5.56%
R V Consulting Services Private Limited	16,02,298	6.82%	11,00,597	4.94%
HDFC Trustee Company Limited - Prudence Fund	10,83,330	4.61%	13,09,820	5.88%
AVH Resources India Private Limited	51,33,754	21.85%	43,58,704	19.57%

(d) During the year 2020-21, the Company had converted 12,25,000 (2019-20: 18,75,000) warrants into equal number of equity shares. (Refer Note 39)

14. OTHER EQUITY

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	35	35
Securities premium	54,327	45,507
General reserve	3,598	3,598
Retained earnings	64,507	49,839
Other items of other comprehensive income	(184)	(192)
Money received against share warrants	-	2,236
Total other equity	**1,22,283**	**1,01,023**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Movement in other equity is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	**35**	**35**
Securities premium		
(i) Opening balance	45,507	32,007
(ii) Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	8,820	13,500
	54,327	**45,507**
General reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	49,839	46,981
(ii) Profit for the year	16,196	3,473
	66,035	**50,454**
Less: Appropriations		
(i) Dividend on equity shares (Refer Note 42)	1,528	510
(ii) Tax on dividend (Refer Note below)	-	105
	64,507	**49,839**
Other items of other comprehensive income		
(i) Opening balance	(192)	(150)
(ii) Other comprehensive income for the year	8	(42)
	(184)	**(192)**
Money received against share warrants		
(i) Opening balance	2,236	5,658
(ii) Money received against share warrant (Refer Note 39)	6,706	10,266
(iii) Allotment of equity shares upon conversion of warrants (Refer Note 39)	(122)	(188)
(iv) Premium on allotment of equity shares upon conversion of warrants (Refer Note 39)	(8,820)	(13,500)
	-	**2,236**
Total	**1,22,283**	**1,01,023**

Note:

Effective from April 01, 2020, Dividends will be taxed in the hands of recipient, hence there will ne no liability in the hands of Company.

Nature of reserves:

(a) Capital reserve

This represents subsidies received from the government.

(b) Securities premium

Amounts received on issue of shares in excess of the par value has been classified as securities premium. The utilisation of securities premium is governed by the section 52 of the Act.

(c) General reserve

This represents appropriation of profit by the company. As per Companies Act, 2013, transfer of profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

(d) Retained earnings

Retained earnings comprises of undistributed earnings after taxes.

(e) Other items of other comprehensive income

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

(f) Money received against share warrants

This represents the moneys received against the share warrants.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

15. NON-CURRENT BORROWINGS* (SECURED, AT AMORTISED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans from banks	12,397	11,514
Total non-current borrowings	**12,397**	**11,514**

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

Notes:

As at March 31, 2021

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	2,193	8 quarterly instalments	6.50%
Axis Bank Limited (Refer Note 2 below)	991	24 monthly instalments	8.00%
Axis Bank Limited (Refer Note 3 below)	1,721	12 quarterly instalments	8.00%
Axis Bank Limited (Refer Note 4 below)	3,176	20 quarterly instalments	8.00%
State Bank of India (Refer Note 5 below)	2,399	16 quarterly instalments	9.00%
State Bank of India (Refer Note 6 below)	722	13 monthly instalments	7.25%
Axis Bank Limited (Refer Note 7 below)	1,701	48 monthly instalments	6.50%
HDFC Bank Limited (Refer Note 8 below)	3,000	48 monthly instalments	6.50%
Vehicle loans from various banks (Refer Note 9 below)	157	12 - 21 monthly instalments	8.50% to 9.31%
Less: Current maturities of non-current borrowings	(3,663)		
Total	**12,397**		

As at March 31, 2020

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	3,018	11 quarterly instalments	8.65%
Axis Bank Limited (Refer Note 2 below)	1,533	37 monthly instalments	9.20%
Axis Bank Limited (Refer Note 3 below)	2,292	17 quarterly instalments	9.20%
Yes Bank Limited (Refer Note 3 below)	300	12 quarterly instalments	10.40%
Axis Bank Limited (Refer Note 4 below)	3,980	25 quarterly instalments	9.20%
State Bank of India (Refer Note 5 below)	3,299	25 quarterly instalments	9.15%
Vehicle loans from various banks (Refer Note 9 below)	370	6 - 33 monthly instalments	7.98% to 9.31%
Less: Current maturities of non-current borrowings	(3,278)		
Total	**11,514**		

Notes:

1. Term loan is secured by first pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and by second pari-passu charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.

2. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the company both present and future excluding fixed assets pertaining to grinding unit at Bayyavaram and plant and equipment of Waste heat recovery power plant at Mattampally , and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.

3. Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram both present and future and by second pari-passu charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.

4. Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram both present and future and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.

5. Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.

6. Term loan is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.

7. Term loan is secured by second pari-passu charge against all current assets and property, plant and equipment of the Company, present and future, excluding vehicles purchased under hire purchase agreements and excluding property, plant and equipment pertaining to Mattampally WHR plant and 100% credit guarantee by National Credit Guarantee Trustee Company Ltd.

8. Term loan is secured by second pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.

9. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

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All amounts are in ₹ Lakhs unless otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
Current borrowings (Secured, amortised at cost)		
Loans repayable on demand		
Cash credit facilities	9,708	10,765
Total current borrowings	**9,708**	**10,765**

Notes:

1. The Company has availed cash credit facilities from State bank of India. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 7.90% p.a.to 8.85% p.a (2019-20: 8.85% p.a. to 9.50% p.a.)

2. The Company has availed cash credit facilities from Axis Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the property, plant and equipment of the Company (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit) and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 7.70% p.a.to 8.40% p.a (2019-20: 8.45% p.a.).

3. The Company has availed cash credit facilities from HDFC Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the property, plant and equipment of the Company including land and building (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit), and post dated cheques aggregating ₹ 1,000 from any working capital banker and are guaranteed by S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @7.90% p.a. to 8.40% p.a. (2019-20: 8.40% p.a. to 8.90% p.a.).

16. OTHER FINANCIAL IIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits received	5,097	5,178
Guarantee obligation	603	345
Deferred consideration payable (Refer Note 39)	-	3,160
Total	**5,700**	**8,683**
Current		
Current maturities of non-current borrowings	3,663	3,278
Interest accrued but not due on borrowings	68	190
Unclaimed dividends (Refer Note below)	64	58
Payables on purchase of property, plant and equipment	188	420
Deferred consideration payable (Refer Note 39)	-	2,940
Total	**3,983**	**6,886**
Total other financial liabilities	**9,683**	**15,569**

Note:

As at March 31, 2021 (March 31, 2020 ₹ Nil), there is no amount due and outstanding to be transferred to the Investor Education and Protection Fund (IEPF) by the Company. Unclaimed dividend, if any, shall be transferred to IEPF as and when they become due.

17. PROVISIONS

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity (Refer Note 33)	548	849
Compensated absences (Refer Note 33)	318	302
Total provisions	**866**	**1,151**
Non-current		
Gratuity	265	617
Compensated absences	225	226
Total	**490**	**843**
Current		
Gratuity	283	232
Compensated absences	93	76
Total	**376**	**308**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

18. OTHER LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Liability for land restoration	179	179
Total	**179**	**179**
Current		
Advance from customers	4,105	2,161
Statutory remittances	2,345	1,030
Advance from related party	79	-
Advance from others	-	11
Total	**6,529**	**3,202**
Total other liabilities	**6,708**	**3,381**

19. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from		
- Sale of cement (Refer Note 41)	97,649	81,960
- Sale of power	320	84
Other operating income		
- Income from trademark and staffing charges to subsidiary	360	360
- Sale of scrap	74	143
- Incentives received from government (Refer Note 40)	1,714	1,072
- Sale of coal	-	1,108
- Insurance claims	41	28
- Others	12	3
Total revenue from operations	**1,00,170**	**84,758**

20. OTHER INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income on financial assets measured at amortised cost	1,707	1,447
Rent received from employees	14	5
Profit on sale of property, plant and equipment	50	33
Liabilities no longer required written back	31	22
Net gain on foreign currency transactions and translation	267	-
Net gain on fair value change in financial instruments	-	125
Total other income	**2,069**	**1,632**

21. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	788	700
Add: Purchases	15,436	16,071
Less: Closing stock	1,014	788
Total cost of materials consumed	**15,210**	**15,983**
Details of materials consumed:		
Limestone	3,502	4,103
Laterite	1,520	1,665
Iron-ore sludge	164	452
Gypsum	1,038	1,153
Fly ash	1,508	1,217
Clinker purchased	351	92
Slag	1,773	2,385
Others	5,354	4,916
Total	**15,210**	15,983

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

22A. PURCHASES OF STOCK-IN-TRADE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cement	2,028	3,009
Others	-	1,108
Total	**2,028**	**4,117**

22B. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year:		
Finished goods	918	901
Work-in-progress	1,408	823
	2,326	**1,724**
Inventories at the end of the year:		
Finished goods	508	918
Work-in-progress	429	1,408
	937	**2,326**
Net decrease/ (increase)	**1,389**	**(602)**

23. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages, including bonus	5,684	4,531
Contribution to provident and other funds (Refer Note 33)	481	483
Staff welfare expenses	439	556
Total employee benefit expenses	**6,604**	**5,570**

24. FINANCE COSTS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense	1,823	2,763
Less: Borrowing costs on qualifying assets capitalised	-	(173)
Interest on deposits from dealers	208	241
Interest on lease liability	8	11
Other borrowing cost	486	550
Total finance cost	**2,525**	**3,392**

25. DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (Refer Note 2)	5,501	5,394
Depreciation on right of use assets (Refer Note 4 and 36)	118	112
Amortisation of intangible assets (Refer Note 3)	1	1
Total depreciation and amortization	**5,620**	**5,507**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

26. OTHER EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Packing materials consumed	3,649	3,215
Stores and spares consumed	1,889	2,133
Repairs and maintenance		
- Plant & equipment	1,058	1,072
- Buildings	124	133
- Others	786	708
Selling expenses	2,255	2,514
Expected credit loss allowance	12	215
Advances written off	-	25
Rent	91	99
Insurance	134	93
Rates and taxes	99	153
Expenditure on corporate social responsibility (Refer Note 38)	130	81
Payment to auditors (Refer Note (i) below)	47	38
Travelling and conveyance	149	338
Security services	153	149
Donations and contributions	180	216
Legal and other professional charges	341	342
Administrative expenses	210	195
Printing and stationery	34	31
Communication	58	58
Net Loss on foreign currency transactions and translation	-	201
Net loss on fair value change in financial instruments	120	-
Directors sitting fees	18	11
Miscellaneous expenses	6	13
Captive consumption of cement	(18)	(79)
Total other expenses	**11,525**	**11,954**
Note:		
(i) Payment to auditors (net of taxes) comprises:		
For audit	28	23
For limited reviews	7	7
For other services	12	7
Reimbursement of expenses	-	1
Total	**47**	**38**

27. INCOME TAX EXPENSE

(a) Income tax recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax:		
In respect of the current year	6,610	850
	6,610	**850**
Deferred tax		
In respect of current year origination and reversal of temporary differences	1,433	1,150
MAT Credit	-	(850)
	1,433	**300**
Total tax expense	**8,043**	**1,150**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/ (loss) before tax (A)	24,239	4,623
Statutory tax rate in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	8,469	1,615
Permanent difference		
Effect on Income disallowed under Income Tax Act, 1961	(482)	(398)
Effect on expenses disallowed under Income Tax Act, 1961	79	113
Effect on change in depreciation while filing Income tax return	11	(183)
Others	(34)	3
Total	**(426)**	**(465)**
At the effective income tax rate	8,043	1,150
Total Tax expense	**8,043**	**1,150**

(c) Movement in deferred tax assets and liabilities for the year 2020-21:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Recognized through other comprehensive income	MAT Credit utilised	Closing balance
Property, plant and equipment and intangible assets	10,840	331	-	-	11,171
Provision for employee benefits	(403)	95	4	-	(304)
Expected credit loss allowance	(243)	(4)	-	-	(247)
MAT credit entitlement	(4,714)	-	-	2,372	(2,342)
Others	(119)	41	-	-	(78)
Unabsorbed depreciation	(970)	970	-	-	-
Total Deferred tax liability (Net)	**4,391**	**1,433**	**4**	**2,372**	**8,200**

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

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Recognized through other comprehensive income	MAT Credit utilised	Closing balance
Property, plant and equipment and intangible assets	9,418	1,422	-	-	10,840
Provision for employee benefits	(303)	(78)	(22)	-	(403)
Expected credit loss allowance	(168)	(75)	-	-	(243)
MAT credit entitlement	(3,864)	(850)	-	-	(4,714)
Others	(159)	40	-	-	(119)
Unabsorbed depreciation	(811)	(159)	-	-	(970)
Total Deferred tax liability (Net)	**4,113**	**300**	**(22)**	**-**	**4,391**

(d) Current tax assets and liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax assets (Net of provision of ₹ 4,415 (2019-20: ₹ 4,873)	274	308
Income tax liabilities (Net of advance tax and TDS receivable for an amount of ₹ 3,807 (2019-20: ₹ 768)	(1,170)	(602)
Net Income tax liabilities	**(896)**	**(294)**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

28. COVID-19 is the infectious disease caused by the coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. The Company has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial results in determining the possible effects on the carrying amounts of Investments made in the subsidiaries, Inventories, receivables and other current assets, that may result from the COVID-19 pandemic. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

29. 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, 2021	As at March 31, 2020
Direct tax matters	145	53
Indirect tax matters	794	794
Others	428	428

ii) The Finance Minister of Government of India had announced, in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts, the Company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,301 (As at March 31, 2020: ₹ 1,301) 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 ₹ 1,290 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. As at March 31, 2021, the matter is pending before the central excise department and pending resolution, CENVAT credit has not been availed by the Company.

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

b) Corporate Guarantees given to subsidiary companies:

Subsidiary	Guarantee against	Guarantee provided to	As at March 31, 2021	As at March 31, 2020
Sagar Cements (R) Limited	1,500 Non-Convertible Debentures (₹ 10 lakhs each)	IDBI Trusteeship Services Limited	15,000	15,000
Sagar Cements (R) Limited	Credit facilities and term loans	Federal Bank Limited	4,643	4,643
Jajpur Cements Private Limited	Term loan from Axis Bank Limited	Axis Bank Limited	20,000	20,000
Satguru Cement Private Limited	Term loan from Indus Ind Bank Limited	Axis Trustee Services Limited	31,000	27,500
Total			**70,643**	**67,143**

c) Capital Commitments:

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**4,035**	**513**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

30. 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, 2021	As at March 31, 2020
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	13	125
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23.	-	-

31. FINANCIAL INSTRUMENTS:

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

A. Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The capital structure of the Company consists of net debt (borrowings as detailed in Notes 15 and 16 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, 2021	As at March 31, 2020
Debt (Refer Note below)	25,768	25,557
Cash and cash equivalents and Other bank balances	20,347	1,014
Net debt	5,421	24,543
Total equity	1,24,633	1,03,251
Net debt to equity ratio	0.043	0.238

Note: Debt is defined as current and non-current borrowings as described in Notes 15 and 16.

B. Categories of financial instruments:

The carrying value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets		
Measured at fair value through profit and loss (FVTPL)		
Derivative Assets	5	125
Measured at amortised cost		
(i) Investments	62,128	47,726
(ii) Loans	2,500	1,500
(iii) Trade receivables	7,305	9,486
(iv) Cash and cash equivalents	19,433	171
(v) Other bank balances	914	843
(vi) Other financial assets	1,510	5,870
Total Financial assets	**93,795**	**65,721**

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
Financial liabilities		
Measured at amortised cost		
(i) Borrowings	25,768	25,557
(ii) Trade payables	17,504	16,854
(iii) Lease liabilities	61	136
(iv) Other financial liabilities	6,020	12,291
Total Financial liabilities	**49,353**	**54,838**

C. Financial risk management objectives:

The Company's corporate finance function monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse 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.

D. 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 analyses 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, 2021 would decrease/increase by ₹ 129 (for the year ended March 31, 2020: decrease/increase by ₹ 128). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	3	19,56,800	1,442	Buy	Rupees

E. Credit risk management:

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

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

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 29 b). The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

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All amounts are in ₹ Lakhs unless otherwise stated

F. Liquidity risk management:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2021 and March 31, 2020. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

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

Financing facilities:

Particulars	As at March 31, 2021	As at March 31, 2020
Secured bills acceptance facility, reviewed annually		
- amount used	5,303	6,996
- amount unused	3,697	2,004
Total	**9,000**	**9,000**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	9,708	10,765
- amount unused	3,492	2,435
Total	**13,200**	**13,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	16,060	14,792
- amount unused	-	-
Total	**16,060**	**14,792**

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	17,504	-	-
Lease liabilities	20	7	34
Other financial liabilities	320	666	5,034
Borrowings (including current maturities of non-current borrowings)	13,371	4,674	7,723

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

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	16,854	-	-
Lease liabilities	10	126	-
Other financial liabilities	3,608	3,674	5,009
Borrowings (including current maturities of non-current borrowings)	14,043	3,442	8,072

32. 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sagar Cements (R) Limited	-	6,314	6,486	7,420
Jajpur Cements Private Limited	-	1	1	733
Satguru Cement Private Limited	2,500	3	2,500	200

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

33. 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 ₹ 252 (2019–20: ₹ 250).

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 administrated 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 (2019–20: ₹ 37).

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 ₹ 2 (2019–20: ₹ 4).

(ii) Defined benefit plan:

Gratuity:

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

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as per actuarial valuation as at March 31, 2021 and March 31, 2020:

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	6.81%	6.76%
Expected rate of return on plan asset	7.26%/7.60%	7.50%/7.65%
Expected average remaining working lives of employees	15.08 years	15.53 years
Rate of escalation in salary	10%	10%
Attrition rate	10%	10%

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	152	149
Interest expense	80	78
Other adjustments	5	2
Expected return on plan assets	(42)	(33)
Defined benefit cost included in profit and loss	**195**	**196**
Re-measurement effects recognized in Other Comprehensive Income (OCI):		
Actuarial (income)/ loss	(12)	64
Components of defined benefit costs recognized in OCI	**(12)**	**64**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Present value of funded defined benefit obligations	1,377	1,310
Fair value of plan assets	(829)	(461)
Net liability arising from defined benefit obligation	548	849

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Defined benefit obligation at the beginning of the year	1,310	1,070
Current service cost	152	149
Interest cost	80	78
Re-measurements – Actuarial (income)/ loss	(12)	64
Benefits paid out of plan assets and by employer	(153)	(51)
Defined benefit obligation at the year end	**1,377**	**1,310**

e) Maturity profile of defined benefit obligation:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within 1 year	283	232
1 – 2 years	139	156
2 – 3 years	156	151
3 – 4 years	154	140
4 – 5 years	109	139
5 – 10 years	529	504

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of the plan assets	461	443
Expected return on plan assets	42	33
Contributions from the employer	446	35
Benefits paid out of plan assets	(115)	(50)
Re-measurement – Actuarial loss/ (gain)	-	-
Other adjustments	(5)	-
Fair value of plan asset at the year end	**829**	**461**

g) Sensitivity Analysis:

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

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	1,227	1,358	1,173	1,302
Effect of 1% change in assumed salary rate	1,356	1,225	1,298	1,173
Effect of 1% change in assumed attrition rate	1,279	1,299	1,225	1,244

The Company is expected to contribute ₹ 460 lakhs to its defined benefit plans during the next financial year.

Compensated absences:

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount Rate	6.81%	6.76%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

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

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

34. 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.

35. RELATED PARTY DISCLOSURES:

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

Name	Relationship
Sagar Cements (R) Limited	Wholly owned subsidiary Company
Jajpur Cements Private Limited	Wholly owned subsidiary Company
Satguru Cement Private Limited	Subsidiary Company
Key managerial personnel (KMP):	
Kolappa Thanu Pillai	Chairman of the Board of Directors
Onteddu Swaminatha Reddy	Chairman of the Board of Directors (Upto June 24, 2020)
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Onteddu Rekha	Director
N. Sudha Rani	Nominee Director
T. Nagesh Reddy	Nominee Director (Upto December 30, 2020)
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Bertrand	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
Relatives of KMP:	
S. Vanajatha	Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy
S. Siddarth Reddy	Son of Dr. S. Anand Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
RV Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence
AVH Resources India Private Limited	Enterprise where a director of Sagar Cements Limited is a director

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

Nature of transaction	Party Name	For the year ended March 31, 2021	For the year ended March 31, 2020
Purchase of packing materials	Panchavati Polyfibres Limited	4,195	3,365
Purchase of power	Sagar Cements (R) Limited	-	1,083
Purchase of scrap	Sagarsoft (India) Limited	1	-
Sale of scrap	Sagar Cements (R) Limited	1	2
Sale of coal	Sagar Cements (R) Limited	-	947
Sale of cement	Jajpur Cements Private Limited	375	-
Rent expenses paid	Dr. S. Anand Reddy	32	32
	S. Sreekanth Reddy	32	32
	S. Vanajatha	32	32
	Total	**96**	**96**
Services rendered	Sagar Cements (R) Limited	360	360
Services received	Sagarsoft (India) Limited	35	28
	RV Consulting Services Private Limited	-	34
	Total	**35**	**62**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Nature of transaction	Party Name	For the year ended March 31, 2021	For the year ended March 31, 2020
Reimbursement of expenses received	Sagarsoft (India) Limited	8	16
	RV Consulting Services Private Limited	8	7
	Sagar Power Limited	3	1
	Sagar Cements (R) Limited	4	2
	Panchavati Polyfibres Limited	6	2
	Satguru Cement Private Limited	11	3
	Jajpur Cements Private Limited	3	1
	Total	**43**	**32**
Reimbursement of expenses paid	Panchavati Polyfibres Limited	58	-
Interest earned on loan, corporate guarantee and cumulative redeemable preference shares	Sagar Cements (R) Limited	1,332	1,313
Interest earned on corporate guarantee	Jajpur Cements Private Limited	45	10
	Satguru Cement Private Limited	66	-
	Total	**111**	**10**
Advances given	Sagar Cements (R) Limited	-	3,477
Loan given	Satguru Cement Private Limited	2,500	-
Payment received against loan given	Sagar Cements (R) Limited	1,500	500
Advance given	Jajpur Cements Private Limited	-	20
Payment received against advance given	Jajpur Cements Private Limited	-	753
Sale of property, plant and equipment	Satguru Cement Private Limited	28	6
Interest earned on loan	Satguru Cement Private Limited	25	-
Payment to salary	S. Siddarth	2	-
Received against warrant conversion	RV Consulting Services Private Limited	2,190	6,023
	AVH Resources India Private Limited	4,243	4,243
	Total	**6,433**	**10,266**
Dividend paid	S. Vanajatha	64	25
	RV Consulting Services Private Limited	103	-
	S. Siddarth	53	-
	Panchavati Polyfibres Limited	2	1
	AVH Resources India Private Limited	334	90
	Total	**556**	**116**

Compensation to key managerial personnel is as follows:

Nature of transaction	Party name	For the year ended March 31, 2021	For the year ended March 31, 2020
Short-term benefits	MD, JMD, CS and CFO	1,504	664
Sitting fee	Chairman, MD, JMD, CS, CFO and Directors	18	11
Dividend paid	MD, JMD, CS, CFO and Directors	242	134

Outstanding balances:

Nature of transaction	Party name	As at March 31, 2021	As at March 31, 2020
Loan given	Sagar Cements (R) Limited	-	1,500
	Satguru Cement Private Limited	2,500	-
	Total	**2,500**	**1,500**
Advances given	Sagar Cements (R) Limited	-	4,814
	Sagar Power Limited	-	1
	RV Consulting Services Private Limited	-	6
	Jajpur Cements Private Limited	-	1
	Satguru Cement Private Limited	-	3
	Total	**-**	**4,825**
Advances received	Sagar Cements (R) Limited	79	-
Interest accrued but not due	Sagar Cements (R) Limited	-	4,293
	Satguru Cement Private Limited	23	-
	Total	**23**	**4,293**

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Nature of transaction	Party name	As at March 31, 2021	As at March 31, 2020
Trade payables	Panchavati Polyfibres Limited	589	327
Trade Receivable	Jajpur Cements Private Limited	13	-
Corporate guarantee (Refer Note 29)	Sagar Cements (R) Limited	19,643	19,643
	Jajpur Cements Private Limited	20,000	20,000
	Satguru Cement Private Limited	31,000	27,500
	Total	**70,643**	**67,143**
8% Cumulative redeemable preference shares	Sagar Cements (R) Limited	11,181	10,019
Outstanding warrants	RV Consulting Services Private Limited (Nil (2019-20: 4.00) lakh warrants)	-	2,190
	AVH Resources India Private Limited (Nil (2019-20: 7.75) lakh warrants)	-	4,243
	Total	**-**	**6,433**

36. OPERATING LEASE

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

Operating lease commitments

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

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

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

Transition to Ind AS 116

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

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

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 242 and a lease liability of ₹ 242 .

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	130	-
Recognition on adoption of Ind AS 116	-	242
Additions	43	-
Depreciation	(118)	(112)
Closing Balance	**55**	**130**

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

The following is the movement in lease liabilities during the year ended March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	136	-
Recognition on adoption of Ind AS 116	-	242
Additions	43	-
Finance cost accrued during the year	8	11
Payment of lease liabilities	(126)	(117)
Closing Balance	**61**	**136**

The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Non-current lease liabilities	41	126
Current lease liabilities	20	10
Total	**61**	**136**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on discounted basis

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within one year	20	10
After one year but not more than five years	25	126
More than five years	16	-

37. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after tax (₹ in lakhs)	16,196	3,473
Weighted average number of equity shares outstanding (Refer Note below)	23,130,822	21,471,653
Earnings per share:		
Basic and Diluted (in ₹)	70.02	16.17

Note: The convertible share warrants allotted by the Company are anti-dilutive in nature for the previous financial year. There are no more outstanding warrants requiring further conversion into equity shares as on March 31, 2021.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

38. 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 and the amount required to be spent by the Company for the year is ₹ 106 (2019-20: ₹ 91) i.e., 2% of average net profits for previous three financial years, calculated as per Section 198 of the Companies Act, 2013. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities are covered under Schedule VII to the Companies Act, 2013. The details of amount spent are:

CSR Activities	In Cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
	(-)	(-)	(-)
(ii) On purposes other than (i) above	130	-	130
	(81)	(-)	(81)

Amounts in the brackets indicate the previous year numbers.

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

During the year ended March 31, 2021, the warrant holders opted to convert 12,25,000 (March 31, 2020: 18,75,000) warrants to equal number of equity shares and basis of this 75% of the consideration against warrants as converted of ₹ 6,706 (March 31, 2020: ₹ 10,266) was received. The entire amount was utilized for the purposes for which funds were raised. With the said conversion, there are no more outstanding warrants requiring further conversion into equity shares (March 31, 2020: 12,25,000 warrants outstanding, consideration of ₹ 2,236 received against the outstanding warrants pending conversion to equity shares are disclosed under Money received against share warrants under 'Other Equity').

The Company acquired 100% equity stake in JCPL on May 02, 2019 for a consideration of ₹ 450 and subsequently infused ₹ 3,450 as additional equity into JCPL.

During the year ended March 31, 2020, the Company also invested an amount of ₹ 15,000 in SCPL on May 08, 2019, for acquiring 28,97,143 equity shares (face value of ₹ 10 each at a premium of ₹ 507.75) allotted to the Company on preferential basis, which constitutes 65% equity stake in SCPL. Of the said investment, the Company has disbursed ₹ 8,900 and the balance amount of ₹ 6,100 has been disbursed in the year ended March 31, 2021. Further, the Company has infused an amount of ₹ 4,325 as additional equity into JCPL in the year ended March 31, 2021.

40. The Company is eligible for reimbursement of sales tax against sales made in the state of Andhra Pradesh and reimbursement of power consumption changes, in respect of expansion of grinding unit at Bayyavaram Unit during the financial year 2018-19. Such reimbursements are in the nature of government grants and recognized income aggregating ₹ 1,714 (2019-20: ₹ 1,072) under 'Other operating income'. There are no unfulfilled conditions or contingencies attached to these incentives.

41. RECONCILIATION OF REVENUE AS PER CONTRACT PRICE AND RECOGNISED IN STATEMENT OF PROFIT AND LOSS:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per Contract price	1,15,550	94,799
Less: Discounts and incentives	(17,901)	(12,839)
Revenue as per statement of profit and loss	**97,649**	**81,960**

- The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.
- The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.
- The Company does not have any material performance obligations which are outstanding as at the year-end as the contracts entered for sale of goods are for short term in nature.

42. The Company has been allotted with 1,21,50,000 equity shares of ₹10/- each at a premium of ₹ 60/- per share from Sagar Cements (R) Limited, wholly owned subsidiary Company. The above shares were allotted against the interest accrued receivable on unsecured loan and advances receivable of an amount of ₹ 3,614 and ₹ 4,814 respectively and balance share issue amount of ₹ 77 paid in cash.

Notes to the Standalone Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

43. The Board of Directors of the Company in their meeting held on May 12, 2021 have recommended for approval of the shareholders a dividend at ₹ 6.50 per equity share of ₹ 10 each (65%) on the 2,35,00,000 equity shares of the Company, which includes two interim dividends aggregating to ₹ 4 per equity share (40%), already paid during the financial year 2020-21. Proposed dividend of ₹ 2.50 per equity share is not recognised as a liability as at March 31, 2021.

44. The Board of Directors of the Company in their meeting on April 26, 2021 have approved the Scheme of Amalgamation of its wholly owned subsidiary Sagar Cements (R) Limited (SCRL) with the Company with effect from March 30, 2021 (Appointed date). The scheme is subject to necessary approval from the authorities concerned under section 230 and 232 of the Companies Act 2013. Upon approval of the Scheme from the concerned authorities, the undertakings of Sagar Cements (R) Limited shall get transferred to and vested in the Company with effect from March 30, 2021 or such other date as the Hon'ble National Company Law Tribunal may approve. Pending such approval from authorities, the effect of merger has not been given in the financial statements of the Company.

45. The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received presidential assent in September 2020. The code has been published in the Gazette of India. However, the date on which the code will come into affect has not been notified. The Company will assess the impact of the code when it comes into effect and will any related impact in the period the code becomes effective.

46. These financial statements were approved by the Company's Board of Directors on May 12, 2021.

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Independent Auditor's Report

To The Members of Sagar Cements Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Sagar Cements Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	Auditor's Response
Revenue recognition – Price Equalizer Discounts **(Refer Note 40 of the Consolidated financial statements)**	**Principal audit procedures performed:**
• Revenue is measured net of discounts earned by customers on the Parent's sales. • Due to the Parent's presence across different marketing regions within the country and the competitive business environment, price equalizer discounts vary based on the customer and market it caters to and recognised based on sales made during the year. These discounts are calculated based on the market study reports which are collated periodically by the management and are prone to manual interventions. • Therefore, there is a risk of revenue being misstated as a result of incorrect computation of price discounts. • Given the complexity involved in the assessment of price equalizer discounts and their periodic recognition against sales, the same is considered as key audit matter.	• Assessed the appropriateness of the Parent's accounting policies relating to price equalizer discounts by comparing with applicable accounting standards. • Assessed the design and tested the implementation and operating effectiveness of Parent's internal controls over the approvals, calculation, accounting and issuance of credit notes. • Obtained and inspected, on a sample basis, supporting documentation for price equalizer discounts recorded and credit note issued during the year as well as credit notes issued after the year end date to determine whether these were recorded appropriately. • Compared the historical trend of price equalizer discounts to sales made to determine the appropriateness of current year's discount charge.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Integrated report and Management Discussion and Analysis Report including Annexures and Corporate Governance Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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 Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent and the reports of the statutory auditors of its subsidiaries incorporated in India as on March 31, 2021 taken on record by the Board of Directors of the Company none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 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 Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The 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 Parent and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 21201193AAAADI5261)

Place: Hyderabad
Date: May 12, 2021

Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Sagar Cements Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN: 21201193AAAADI5261)

Place: Hyderabad
Date: May 12, 2021

Consolidated Balance Sheet

as on March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	1,21,342	1,27,141
(b) Capital work-in-progress		51,748	10,799
(c) Goodwill		4,162	4,162
(d) Intangible assets			
Mining rights	3	5,725	5,893
Other Intangible assets	3	32	23
(e) Right of use assets	4	1,116	1,176
(f) Financial assets			
(i) Other financial assets	5	1,786	1,659
(g) Income tax assets (net)	25	450	465
(h) Deferred tax assets (net)	25	611	2,119
(i) Other non-current assets	6	11,133	8,716
Total Non-current assets		**1,98,105**	**1,62,153**
Current assets			
(a) Inventories	7	12,428	11,580
(b) Financial assets			
(i) Trade receivables	8	10,071	13,678
(ii) Cash and cash equivalents	9	22,514	290
(iii) Bank balances other than cash and cash equivalents	10	2,905	985
(iv) Other financial assets	5	335	394
(c) Other current assets	6	11,106	4,795
Total Current assets		**59,359**	**31,722**
TOTAL ASSETS		**2,57,464**	**1,93,875**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	2,350	2,228
(b) Other equity	12	1,18,103	94,438
Equity attributable to Shareholders of the Company		**1,20,453**	**96,666**
Non-controlling interests		5,351	5,393
Total Equity		**1,25,804**	**1,02,059**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	63,803	28,724
(ii) Lease liabilities	33	188	256
(iii) Other financial liabilities	14	6,999	7,016
(b) Provisions	15	624	970
(c) Deferred tax liabilities (net)	25	8,200	4,391
(d) Other non-current liabilities	16	229	229
Total Non-current liabilities		**80,043**	**41,586**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	10,217	14,063
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		17	148
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		22,882	22,152
(iii) Lease liabilities	33	47	22
(iv) Other financial liabilities	14	8,419	8,688
(b) Provisions	15	443	355
(c) Income tax liabilities (net)	25	1,170	602
(d) Other current liabilities	16	8,422	4,200
Total Current liabilities		**51,617**	**50,230**
Total Liabilities		**1,31,660**	**91,816**
TOTAL EQUITY AND LIABILITIES		**2,57,464**	**1,93,875**
Corporate information and significant accounting policies	1		
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Consolidated Statement of Profit and Loss
for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars		Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	17	1,37,132	1,17,515
II	Other income	18	778	403
III	**Total Income (I + II)**		**1,37,910**	**1,17,918**
IV	**Expenses**			
	(a) Cost of materials consumed	19	19,710	20,473
	(b) Purchase of stock-in-trade	20a	2,028	3,237
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20b	2,236	(982)
	(d) Employee benefit expenses	21	7,636	6,487
	(e) Finance costs	22	4,656	6,099
	(f) Depreciation and amortisation expense	23	8,055	7,887
	(g) Power and fuel expenses		26,143	30,918
	(h) Freight and forwarding		23,422	22,375
	(i) Other expenses	24	15,913	16,457
	Total Expenses		**1,09,799**	**1,12,951**
V	**Profit before tax (III - IV)**		**28,111**	**4,967**
VI	**Tax expense**			
	(a) Current tax	25	6,610	850
	(b) Deferred tax	25	2,941	1,464
	Total Tax expense		**9,551**	**2,314**
VII	**Profit after tax (V - VI)**		**18,560**	**2,653**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit and loss			
	(a) Remeasurement of the defined benefit plan		11	(60)
	(ii) Income tax relating to items that will not be reclassified to profit and loss		(4)	21
	Other comprehensive income for the year, net of tax		**7**	**(39)**
IX	**Total comprehensive income for the year (VII + VIII)**		**18,567**	**2,614**
	Profit for the year attributable to;			
	Shareholders of the company		18,602	2,671
	Non controlling interest		(42)	(18)
			18,560	**2,653**
	Total comprehensive income for the year attributable to ;			
	Shareholders of the company		18,609	2,632
	Non controlling interest		(42)	(18)
			18,567	**2,614**
X	**Earnings per share (Face value of ₹ 10 per share)**			
	Basic and Diluted	34	80.24	12.36
	Corporate information and significant accounting policies	1		
	See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Consolidated Statement of Changes in Equity
for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

A. EQUITY SHARE CAPITAL

Particulars	Amount
Balance at March 31, 2019	2,040
Changes in equity share capital during the year	188
Balance at March 31, 2020	**2,228**
Changes in equity share capital during the year	122
Balance at March 31, 2021	**2,350**

B. OTHER EQUITY

Particulars	Attributable to owners of the Company						Non-controlling interests	Total other equity
	Reserves and surplus				Other items of other comprehensive income	Money received against share warrants		
	Capital reserve	Securities premium	General reserve	Retained earnings				
Balance as at March 31, 2019	**35**	**32,007**	**3,598**	**41,227**	**(182)**	**5,658**	**-**	**82,343**
Profit for the year	-	-	-	2,671	-	-	(18)	2,653
Dividend on equity shares (including tax)	-	-	-	(615)	-	-	-	(615)
Other comprehensive income for the year (net of tax ₹ 21)	-	-	-	-	(39)	-	-	(39)
Minority interest on account business combination	-	-	-	-	-	-	5,411	5,411
Money received against share warrant (Refer Note 36)	-	-	-	-	-	10,266	-	10,266
Allotment of equity shares upon conversion of warrants (Refer Note 36)	-	-	-	-	-	(188)	-	(188)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	-	13,500	-	-	-	(13,500)	-	-
Balance as at March 31, 2020	**35**	**45,507**	**3,598**	**43,283**	**(221)**	**2,236**	**5,393**	**99,831**
Profit for the year	-	-	-	18,602	-	-	(42)	18,560
Dividend on equity shares	-	-	-	(1,528)	-	-	-	(1,528)
Other comprehensive income for the year (net of tax ₹ 4)	-	-	-	-	7	-	-	7
Money received against share warrant (Refer Note 36)	-	-	-	-	-	6,706	-	6,706
Allotment of equity shares upon conversion of warrants (Refer Note 36)	-	-	-	-	-	(122)	-	(122)
Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	-	8,820	-	-	-	(8,820)	-	-
Balance as at March 31, 2021	**35**	**54,327**	**3,598**	**60,357**	**(214)**	**-**	**5,351**	**1,23,454**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
A Cash flow from operating activities				
Profit after tax for the year		**18,560**		**2,653**
Adjustments for:				
Tax expense	9,551		2,314	
Depreciation and amortisation expense (Refer Note 23)	8,120		7,887	
Finance costs	4,656		6,099	
Interest income	(328)		(139)	
Liabilities no longer required written back	(46)		(52)	
Expected credit loss allowance on trade receivables	85		278	
Provision for incentives receivable from government	84		-	
Unrealised loss on foreign currency transactions and translation	54		220	
Net loss/ (gain) on fair value change in financial instruments	166		(172)	
Profit on sale of property, plant and equipment	(50)		(33)	
Advances written off	-		150	
Incentives received from government	(1,714)		(1,072)	
		20,578		15,480
Operating profit before working capital changes		**39,138**		**18,133**
Changes in working capital				
Adjustments for (increase)/decrease in operating assets:				
Trade receivables	3,522		(2,003)	
Inventories	(848)		2,921	
Financial assets	(195)		(196)	
Other assets	(4,727)		1,998	
		(2,248)		2,720
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	591		1,086	
Other financial liabilities	(85)		1,343	
Provisions	(247)		260	
Other liabilities	4,222		(2,345)	
		4,481		344
Cash generated from operating activities		**41,371**		**21,197**
Less: Income tax paid		**(3,654)**		**(992)**
Net cash generated from operating activities		**37,717**		**20,205**
B Cash flow from investing activities				
Capital expenditure on property, plant and equipment including capital advances	(46,125)		(22,786)	
Deposits not considered as cash and cash equivalents				
- Placed	(2,392)		(2,317)	
- Matured	455		2,654	
Proceeds from disposal of plant and equipment	103		66	
Acquisition of subsidiary	-		(444)	
Interest received	300		129	
Net cash used in investing activities		**(47,659)**		**(22,698)**

Consolidated Statement of Cash flows

for the year ended March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
C Cash flow from financing activities				
Proceeds from allotment of equity shares upon conversion of warrants	6,706		10,266	
Proceeds from non-current borrowings	43,041		19,590	
Proceeds from loan from others and related parties (net)	51		38	
Repayment of non-current borrowings	(7,348)		(21,870)	
Repayment of lease liability	(167)		(142)	
Proceeds from current borrowings (net)	(3,846)		(27)	
Finance costs	(4,743)		(6,248)	
Dividend paid including tax	(1,528)		(615)	
Net cash generated from financing activities		32,166		992
Net increase/ (decrease) in cash and cash equivalent (A+B+C)		22,224		(1,501)
Cash and cash equivalent at the beginning of the year		290		1,791
Cash and Cash equivalent at the end of the year (Refer Note 9)		22,514		290
Note:				
Cash and cash equivalents comprises of:				
Cash in hand		3		10
Balances with banks		860		280
Deposits with banks		21,651		-
Cash and cash equivalents (Refer Note 9)		**22,514**		**290**

Reconciliations of liabilities from financing activities:

Particulars	As at April 01, 2020	Proceeds	Repayment	Fair value changes	As at March 31, 2021
Long term borrowings (including current portion)	35,906	43,092	(7,348)	23	71,673
Short term borrowings	14,063	-	(3,846)	-	10,217
Total liabilities from financing activities	**49,969**	**43,092**	**(11,194)**	**23**	**81,890**

Particulars	As at April 01, 2019	Proceeds	Repayment	Fair value changes	As at March 31, 2020
Long term borrowings (including current portion)	37,976	19,782	(21,832)	(20)	35,906
Short term borrowings	13,886	2,029	(1,852.00)	-	14,063
Total liabilities from financing activities	**51,862**	**21,811**	**(23,684)**	**(20)**	**49,969**

Reconciliation of lease liability:

Particulars	As at April 01, 2020	Additions	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2021
Lease liabilities	278	101	23	(167)	235

Particulars	As at April 01, 2019	Recognition on adoption of Ind AS 116	Finance cost accrued during the year	Payment of lease liabilities	As at March 31, 2020
Lease liabilities	-	408	12	(142)	278

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Place: Hyderabad
Date: May 12, 2021

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate Information:

Sagar Cements Limited ("the Company/ Parent") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the National Stock Exchange of India and The BSE Limited. The registered office of the Company is located at Hyderabad. The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries Sagar Cements (R) Limited, Jajpur Cements Private Limited, Satguru Cement Private Limited (collectively referred to as "the Group"). The Group is engaged in the business of manufacture and sale of cement and generation of power for sale and captive consumption.

(b) Significant accounting policies

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as 'Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India (SEBI). The Group has consistently applied accounting policies to all periods.

(ii) Basis of preparation and presentation

These 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 at the time of their acquisition.

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

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

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

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

(iii) Functional and Presentation currency

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

Rounding of amounts

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

(iv) Use of estimates and Judgements

In the application of the accounting policies, which are described in Note 1(b), the management of the Group 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 amortisation of intangible assets**
  Depreciation on property, plant and equipment and amortisation of intangible assets is calculated on a straight-line basis and diminishing balance method basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation and amortisation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

- **Recognition of deferred tax assets and liabilities**
  Deferred tax assets and liabilities are recognized for deductible temporary differences and unused tax losses for which there is probability of utilization against the future taxable profit. The Group uses judgement to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits and business developments.

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

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

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

- **Leases**
  Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The group makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

- **Inventories**
  Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Company makes an estimate of future selling prices and costs necessary to make the sale.

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

(v) Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Group as at March 31, 2021 and March 31, 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

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Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

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

Name of the entity	Investee relationship		Principal place of business	Ownership held by	% of Holding and voting power held directly	
	March 31, 2021	March 31, 2020			As at March 31, 2021	As at March 31,2020
Sagar Cements (R) Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	100%	100%
Jajpur Cements Private Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	100%	100%
Satguru Cement Private Limited	Subsidiary	Subsidiary	India	Sagar Cements Limited	65%	65%

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries
- Eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Profit and loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.
- When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(vi) Business combination

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

Mining rights

The Company has used royalty saved method for value analysis of limestone mining rights. The method estimates the value of future savings in royalty payments over the life of the mine accruing to the Company, by virtue of the transaction instead of obtaining the mining rights via the Government e-auction process

The resulting post-tax cash flows for each of the years are recognised at their present value using a Weighted Average Cost of Capital ('WACC') relating to the risk of achieving the mine's projected savings.

Measurement period adjustments

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

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

(vii) Non-controlling interests ("NCI")

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

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

(viii) Goodwill

Goodwill is measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 in profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ix) Revenue recognition

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

Revenue from service contracts with customers is recognized when the services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those services.

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.

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

(x) Borrowing costs

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

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

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

(xi) Government grants

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

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

Notes to the Consolidated Financial Statements

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(xi) 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 to the statement of profit and loss 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 and loss. Past service cost is recognised in profit and 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

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense

Compensated Absences:

The employees of the Company are entitled to compensate absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

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.

(xiii) Taxation

Income tax expense represents the sum of current tax and deferred tax. Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and 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.

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 and 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.

Notes to the Consolidated Financial Statements

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Minimum alternate tax

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(xiv) Property, plant and equipment

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

Capital works in progress 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 capital works in progress 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 and loss.

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

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

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

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

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

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

The Group follows the process of 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.

Land-Restoration:

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows. The site restoration provision before exploitation of the raw materials has commenced is included in Property, Plant and Equipment and depreciated over the life of the related asset.

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

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

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(xv) Intangible assets

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

(xvi) Inventories

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

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

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

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

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

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

(xviii) Foreign currency transactions and translations

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

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

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

(xix) Segment Reporting

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

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

(xx) Financial Instruments

(A) Initial recognition

Financial assets and financial liabilities are 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 and 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 and loss are recognized immediately in profit and loss.

(B) Subsequent measurement

Non-derivative Financial Instruments:

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 and loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit and 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.

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit and Loss (FVTPL). Interest income is recognised in statement of profit and loss and is included in the “other income” line item.

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

(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 and loss if such gain or loss would have otherwise been recognized in profit and 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 and loss.

(xxi) 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 and 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 and 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

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognized for the asset in prior years.

(xxii) Earnings per share

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

(xxiii) Provisions

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

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

(xxiv) Leases

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

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

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

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

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

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

(xxv) Exceptional items

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed separately in the financial statements.

(xxvi) 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.

(xxvii) New standards and interpretations not yet adopted

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

2. PROPERTY, PLANT AND EQUIPMENT

Particulars	As at March 31, 2021	As at March 31, 2020
Land - freehold	9,787	9,793
Land - restoration	160	172
Buildings	20,687	22,129
Plant and machinery	77,906	81,117
Furniture and fittings	169	215
Office and other equipment	1,479	1,513
Electrical installations	5,318	6,064
Computers	79	68
Vehicles	437	501
Railway siding	5,320	5,569
Total	**1,21,342**	**1,27,141**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2020-21

Description of Assets	Land-freehold	Land-restoration	Buildings	Plant and machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway sliding	Total
I. Gross Block											
Opening balance	**9,793**	**229**	**30,906**	**1,09,575**	**904**	**5,198**	**11,876**	**396**	**1,330**	**6,684**	**1,76,891**
Add: Additions	-	-	283	1,173	5	254	187	45	96	-	2,043
Less: Disposals	6	-	-	18	-	-	13	1	154	-	192
Balance as at March 31, 2021	**9,787**	**229**	**31,189**	**1,10,730**	**909**	**5,452**	**12,050**	**440**	**1,272**	**6,684**	**1,78,742**
II. Accumulated depreciation											
Opening Balance	-	57	8,777	28,458	689	3,685	5,812	328	829	1,115	49,750
Add: Depreciation expense	-	12	1,725	4,368	51	288	923	34	139	249	7,789
Less: Eliminated on disposal of assets	-	-	-	2	-	-	3	1	133	-	139
Balance as at March 31, 2021	**-**	**69**	**10,502**	**32,824**	**740**	**3,973**	**6,732**	**361**	**835**	**1,364**	**57,400**
Net block (I-II)											
Carrying value as at March 31, 2021	**9,787**	**160**	**20,687**	**77,906**	**169**	**1,479**	**5,318**	**79**	**437**	**5,320**	**1,21,342**
Carrying value as at March 31, 2020	9,793	172	22,129	81,117	215	1,513	6,064	68	501	5,569	1,27,141

For the year 2019-20

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

Pledge on property, plant and equipment:

1. Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 1,20,905 (March 31, 2020: ₹ 1,26,640) are subject to a pari-passu first charge on the Company's term loans. Further, the property, plant and equipment (other than vehicles) are subject to a pari-passu second charge on the Company's current borrowings. Refer Note 13.2. Vehicles with carrying amount of ₹ 437 (March 31, 2020: ₹ 501) are hypothecated to respective banks against vehicle loans.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

3. OTHER INTANGIBLE ASSETS

Particulars	As at March 31, 2021	As at March 31,2020
Computer software	32	23
Mining rights	5,725	5,893
Total	**5,757**	**5,916**

For the year 2020-21

Particulars	Computer Software	Mining rights	Total
Gross Block			
Opening Balance	**304**	**6,647**	**6,951**
Add: Additions	11	-	11
Less: Disposals	-	-	-
Balance as at March 31, 2021	**315**	**6,647**	**6,962**
II. Accumulated amortization			
Opening Balance	**281**	**754**	**1,035**
Add: Amortisation expense	2	168	170
Less: Eliminated on disposal of assets	-	-	-
Balance as at March 31, 2021	**283**	**922**	**1,205**
Net block (I-II)			
Carrying value as at March 31, 2021	**32**	**5,725**	**5,757**
Carrying value as at March 31, 2020	23	5,893	5,916

For the year 2019-20

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

4. RIGHT OF USE ASSETS

Particulars	As at March 31, 2021	As at March 31,2020
Buildings	88	155
Leasehold land	1,028	1,021
Total	**1,116**	**1,176**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

For the year 2020-21

Particulars	Buildings	Leasehold land	Total
I. Gross Block			
Opening Balance	**292**	**1,039**	**1,331**
Add: Additions	78	23	101
Balance as at March 31, 2021	**370**	**1,062**	**1,432**
II. Accumulated depreciation			
Opening Balance	**137**	**18**	**155**
Add: Depreciation expense	145	16	161
Balance as at March 31, 2021	**282**	**34**	**316**
Net block (I-II)			
Carrying value as at March 31, 2021	**88**	**1,028**	**1,116**
Carrying value as at March 31, 2020	155	1,021	1,176

For the year 2019-20

Particulars	Buildings	Leasehold land	Total
I. Gross Block			
Opening Balance	-	-	-
Add: Reclassified on account of adoption of Ind AS116	-	648	648
Add: Recognised on adoption of Ind AS 116	292	391	683
Add: Additions	-	-	-
Less: Deletion	-	-	-
Balance as at March 31, 2020	292	1,039	1,331
II. Accumulated depreciation			
Opening Balance	-	-	-
Add: Depreciation expense	**137**	**18**	**155**
Balance as at March 31, 2020	137	18	155
Net block (I-II)			
Carrying value as at March 31, 2020	**155**	**1,021**	**1,176**
Carrying value as at March 31, 2019	-	-	-

Note: Refer Note 33 on operating lease.

5. OTHER FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits	1,663	1,553
Balances held as margin money deposit against borrowings	123	106
Total	**1,786**	**1,659**
Current		
Security deposits	176	91
Advances to employees	66	66
Interest accrued but not due	87	65
Derivative assets	6	172
Total	**335**	**394**
Total other financial assets	**2,121**	**2,053**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

6. OTHER ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Capital advances	10,711	8,340
Advances to suppliers and service providers	65	59
Prepaid expenses	209	169
Balances with government authorities	148	148
Total	**11,133**	**8,716**
Current		
Advances to suppliers and service providers	1,012	638
Advances to related parties	-	7
Prepaid expenses	470	1,030
Balances with government authorities	5,402	528
Excise duty refund receivable	194	194
Incentives receivable from government (Refer Note 37)		
Unsecured, considered good	4,028	2,398
Considered doubtful	84	-
Less: Provision for incentives receivable from government	(84)	-
Total	**11,106**	**4,795**
Total other assets	**22,239**	**13,511**

7. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	1,707	1,117
Coal	4,597	3,563
Work-in-progress	703	2,255
Stores and spares	3,204	2,470
Packing materials	539	407
Finished goods	729	1,413
Total (A)	**11,479**	**11,225**
Goods-in-transit:		
Raw materials	6	-
Coal	886	353
Packing materials	55	-
Finished goods	2	2
Total (B)	**949**	**355**
Total inventories (A+B)	**12,428**	**11,580**

Note: Refer Note 1(b)(xvi) for basis of valuation and for details of inventories pledged refer Note 13.

Notes to the Consolidated Financial Statements

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8 TRADE RECEIVABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Secured	1,123	3,317
Trade receivables considered good - Unsecured	8,948	10,361
Trade receivables - credit impaired	902	817
Sub-total	**10,973**	**14,495**
Less: Expected credit loss allowance	(902)	(817)
Total trade receivables	**10,071**	**13,678**

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, 2021	As at March 31, 2020
Within the credit period	7,166	9,728
1-30 days past due	1,614	1,535
31-60 days past due	353	538
61-90 days past due	164	259
91-180 days past due	192	504
More than 180 days past due	1,484	1,931
Total	**10,973**	**14,495**

Movement in expected credit loss allowance

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	817	527
Add: Expected credit loss allowance	85	290
Balance at the end of the year	**902**	**817**

9 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Cash in hand	3	10
Balances with banks	860	280
Deposits with banks	21,651	-
Total Cash and cash equivalents	**22,514**	**290**

10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2021	As at March 31, 2020
Unpaid dividend account	64	58
Margin money deposits (Refer Note below)	2,841	927
Total Other bank balances	**2,905**	**985**

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

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11 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each	2,35,00,000	2,350	2,35,00,000	2,350
Total	**2,35,00,000**	**2,350**	**2,35,00,000**	**2,350**
Issued, subscribed and fully paid up:				
Equity shares ₹ 10 each	2,35,00,000	2,350	2,22,75,000	2,228
Total	**2,35,00,000**	**2,350**	**2,22,75,000**	**2,228**

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Opening balance	2,22,75,000	2,228	2,04,00,000	2,040
Allotment of equity shares upon conversion of warrants	12,25,000	122	18,75,000	188
Closing balance	**2,35,00,000**	**2,350**	**2,22,75,000**	**2,228**

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

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

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
S. Aruna	13,69,545	5.83%	13,69,545	6.15%
Rachana Sammidi	11,67,283	4.97%	11,67,183	5.24%
Dr. S. Anand Reddy	13,06,524	5.56%	13,06,524	5.87%
S. Sreekanth Reddy	16,02,298	6.82%	12,39,353	5.56%
R V Consulting Services Private Limited	15,97,198	6.80%	11,00,597	4.94%
HDFC Trustee Company Limited - Prudence Fund	10,83,330	4.61%	13,09,820	5.88%
AVH Resources India Private Limited	51,33,754	21.85%	43,58,704	19.57%

(d) During the year 2020-21, the Company had converted 12,25,000 (2019-20: 18,75,000) warrants into equal number of equity shares. (Refer Note 36)

12. OTHER EQUITY

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve	35	35
Securities premium	54,327	45,507
General reserve	3,598	3,598
Retained earnings	60,357	43,283
Other items for other incomprehensive income	(214)	(221)
Money received against share warrants	-	2,236
Total other equity	**1,18,103**	**94,438**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Movement in other equity is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Reserve	**35**	**35**
Securities premium		
(i) Opening Balance	45,507	32,007
(ii) Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	8,820	13,500
	54,327	**45,507**
General Reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	43,283	41,227
(ii) Profit for the year	18,602	2,671
	61,885	**43,898**
Less: Appropriations		
(i) Dividend on equity shares (Refer Note below and 42)	1,528	510
(ii) Tax on dividend	-	105
	60,357	**43,283**
Other items of other comprehensive income		
(i) Opening Balance	(221)	(182)
(ii) Other comprehensive income	7	(39)
	(214)	**(221)**
Money received against share warrants		
(i) Opening balance	2,236	5,658
(ii) Money received against share warrant (Refer Note 36)	6,706	10,266
(iii) Allotment of equity shares upon conversion of warrants (Refer Note 36)	(122)	(188)
(iv) Premium on allotment of equity shares upon conversion of warrants (Refer Note 36)	(8,820)	(13,500)
	-	**2,236**
Total	**1,18,103**	**94,438**

Note:

Effective from April 01, 2020, Dividends will be taxed in the hands of recipient, hence there will ne no liability in the hands of Company.

Nature of reserves

(a) Capital Reserve

This represents subsidies received from the government.

(b) Securities premium

Amounts received on issue of shares in excess of the par value has been classified as securities premium. The utilisation of securities premium is governed by the section 52 of the Act.

(c) General reserve

This represents appropriation of profit by the company. As per Companies Act, 2013, transfer of profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

(d) Retained earnings

Retained earnings comprises of undistributed earnings after taxes.

(e) Other items of other comprehensive income

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

(f) Money received against share warrants

This represents the moneys received against the share warrants allotted.

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13. NON CURRENT BORROWINGS* (SECURED, AT AMORTISED COST)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Debentures (Refer Note (ii) below)	8,077	10,384
(b) Term Loans (Refer Note (i) below)	55,726	18,340
Total non-current borrowings	**63,803**	**28,724**

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

Note (i):

As at March 31, 2021

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	2,193	8 quarterly instalments	6.50%
Axis Bank Limited (Refer Note 2 below)	991	24 monthly instalments	8.00%
Axis Bank Limited (Refer Note 3 below)	1,721	12 quarterly instalments	8.00%
Axis Bank Limited (Refer Note 4 below)	3,176	20 quarterly instalments	8.00%
State Bank of India (Refer Note 5 below)	2,399	16 quarterly instalments	9.00%
State Bank of India (Refer Note 6 below)	722	13 monthly instalments	7.25%
Axis Bank Limited (Refer Note 7 below)	1,701	48 monthly instalments	6.50%
HDFC Bank Limited (Refer Note 8 below)	3,000	48 monthly instalments	6.50%
The Federal Bank Limited (Refer Note 9 below)	3,125	18 quarterly instalments	8.00%
State Bank of India(Refer Note 10 below)	144	13 monthly instalments	7.25%
Axis Bank Limited (Refer Note 11 below)	11,970	36 quarterly instalments	8.85%
IndusInd Bank Limited (Refer Note 12 below)	12,397	37 quarterly instalments	9.65%
State Bank of India (Refer Note 13 below)	16,326	37 quarterly instalments	9.65%
Vehicle loans from various banks/financial institutions (Refer Note 14 below)	181	5 - 21 monthly instalments	8.50% to 9.50%
Less: Current maturities of non-current borrowings	(4,320)		
	55,726		

As at March 31, 2020

Bank	Loan outstanding	Terms of repayment	Rate of interest
HDFC Bank Limited (Refer Note 1 below)	3,018	11 quarterly instalments	8.65%
Axis Bank Limited (Refer Note 2 below)	1,533	37 monthly instalments	9.20%
Axis Bank Limited (Refer Note 3 below)	2,292	17 quarterly instalments	9.20%
Yes Bank Limited (Refer Note 3 below)	300	12 quarterly instalments	10.40%
Axis Bank Limited (Refer Note 4 below)	3,980	25 quarterly instalments	9.20%
State Bank of India (Refer Note 5 below)	3,299	25 quarterly instalments	9.15%
The Federal Bank Limited (Refer Note 9 below)	3,624	22 quarterly instalments	9.00%
Axis Bank Limited (Refer Note 11 below)	3,553	36 quarterly instalments	10.15%
Vehicle loans from various banks/financial institutions (Refer Note 14 below)	447	6 - 33 monthly instalments	7.98% to 9.50%
Less: Current maturities of non-current borrowings	(3,706)		
	18,340		

Notes:

1. Term loan is secured by first pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and by second pari-passu charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
2. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the company both present and future excluding fixed assets pertaining to grinding unit at Bayyavaram and plant and equipment of Waste heat recovery power plant at Mattampally , and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
3. Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram both present and future and by second pari-passu charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
4. Term loan is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram both present and future and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
5. Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
6. Term loan is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.

Notes to the Consolidated Financial Statements

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7. Term loan is secured by second pari-passu charge against all current assets and property, plant and equipment of the Company, present and future, excluding vehicles purchased under hire purchase agreements and excluding property, plant and equipment pertaining to Mattampally WHR plant and 100% credit guarantee by National Credit Guarantee Trustee Company Ltd.
8. Term loan is secured by second pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
9. Term loan is secured by pari-passu charge on the property, plant and equipment (including mining land) owned by or belonging to the company, both present and future, and by a second charge on the current assets of the Company and are guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Director and corporate guarantee of Sagar Cements Limited and First pari-passu charge on shares of Sagar Cements (R) Limited held by Sagar Cements Limited subject to RBI Guidelines.
10. This term loan is secured against all current assets, present and future, and by second charge on entire property, plant and equipment of the Company including land and building and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director.
11. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future, hypothecation of all rights, title and interests of the borrower under all plant documents, contracts, insurance policies, permits/ approvals etc related to the plant, to which the borrower is party and can be legally assigned, 30% pledge on total equity share capital of Jajpur Cements Private Limited including CCD's and are guaranteed by Dr S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director and corporate guarantee of Sagar Cements Limited.
12. Term loan is secured by first pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future. First pari-passu charge on all rights, title, interests, benefits, claims and demands whatsoever of the borrower in the project documents and in the clearances. First pari-passu charge on all the insurance contracts/ insurance proceeds of property, plant and equipment and 30% pledge on total share holding and NDU for the balance shareholding of Satguru Cement Private Limited held by Sagar Cements Limited. Second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited.
13. Term loan is secured by first pari-passu charge on the property, plant and equipment (including 30 Acres of project lease land excluding mining land) owned by or belonging to the borrower company both present and future. First pari-passu charge on all rights, title, interests, benefits, claims and demands whatsoever of the borrower in the project documents, excluding mining land. First pari-passu charge on all the insurance contracts/ insurance proceeds of property, plant and equipment and 51% pledge on total share holding of Satguru Cement Private Limited held by Sagar Cements Limited. Second pari-passu charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited.
14. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

Note (ii):

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current borrowings (at amortised cost)		
Loans repayable on demand		
Cash credit facilities (Refer Notes below)	10,217	14,063
Total secured borrowings	**10,217**	**14,063**

Notes:

1. The Company has availed cash credit facilities from State bank of India. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 7.90% p.a.to 8.85% p.a. (2019-20: 8.85% p.a. to 9.50% p.a.).
2. The Company has availed cash credit facilities from Axis Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the property, plant and equipment of the Company (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit) and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 7.70% p.a.to 8.40% p.a. (2019-20: 8.45% p.a.).
3. The Company has availed cash credit facilities from HDFC Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on the property, plant and equipment of the Company including land and building (excluding plant and equipment of grinding unit at Bayyavaram and WHR unit), and post dated cheques aggregating ₹ 1,000 from any working capital banker and are guaranteed by S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @7.90% p.a. to 8.40% p.a. (2019-20: 8.40% p.a. to 8.90% p.a.).
4. The Company has availed cash credit facilities from State Bank of India. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on entire property, plant and equipment of the Company including land and building and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director. The loans are repayable on demand and carries interest @ 7.90% p.a to 9.80% p.a. (2019-20: 10.65% p.a to 11.05% p.a.).
5. The Company has availed cash credit facilities from The Federal Bank Limited. This facility is secured by first pari-passu charge against all current assets, present and future, and by second pari-passu charge on property, plant and equipment (movable and immovable, including mining land) of the Company, present and future, and are guaranteed by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 7.90% p.a to 8.95% p.a. (2019-20: 8.95% p.a.).

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

14. OTHER FINANCIAL IIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits received	5,757	5,848
Loan from others	193	55
Loans from related party	1,049	1,113
Total	**6,999**	**7,016**
Current		
Current maturities of non-current borrowings	6,628	6,014
Interest accrued but not due on borrowings	637	733
Unclaimed dividends (Refer Note below)	64	58
Payables on purchase of property, plant and equipment	1,090	1,883
Total	**8,419**	**8,688**
Total other financial liabilities	**15,418**	**15,704**

Note:

As at March 31, 2021 (March 31, 2020 ₹ Nil), there is no amount due and outstanding to be transferred to the Investor Education and Protection Fund (IEPF) by the Company. Unclaimed dividend, if any, shall be transferred to IEPF as and when they become due.

15. PROVISIONS

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity (Refer Note 30)	656	954
Compensated absences (Refer Note 30)	411	371
Total provisions	**1,067**	**1,325**
Non-current		
Gratuity	333	693
Compensated absences	291	277
Total	**624**	**970**
Current		
Gratuity	323	261
Compensated absences	120	94
Total	**443**	**355**

16. OTHER LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Liability for land restoration	229	229
Total	**229**	**229**
Current		
Advance from customers	5,149	2,659
Statutory remittances	3,273	1,530
Advance from others	-	11
Total	**8,422**	**4,200**
Total other liabilities	**8,651**	**4,429**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

17. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from		
- Sale of cement (Refer Note 40)	1,34,937	1,15,841
- Sale of power	320	152
Other operating income		
- Sale of scrap	95	159
Sale of coal	-	249
- Incentives received from government (Refer Note 37)	1,714	1,072
- Insurance claims	49	36
others	17	6
Total revenue from operations	**1,37,132**	**1,17,515**

18. OTHER INCOME

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income on financial assets measured at amortised cost	328	139
Rent received from employees	21	7
Profit on sale of property, plant & equipment	50	33
Liabilities no longer required written back	46	52
Net gain on foreign currency transactions and translation	333	-
Net gain on fair value change in financial instruments	-	172
Total other income	**778**	**403**

19. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	1,117	971
Add: Purchases	20,300	20,619
Less: Closing stock	1,707	1,117
Total cost of materials consumed	**19,710**	**20,473**
Details of materials consumed		
Limestone	5,296	5,889
Laterite	2,624	2,735
Iron-ore sludge	390	726
Gypsum	1,472	1,622
Flyash	1,966	1,635
Clinker Purchased	351	92
Slag	2,155	2,494
Others	5,456	5,280
Total	**19,710**	**20,473**

20A PURCHASES OF STOCK-IN-TRADE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cement	2,028	3,009
Others	-	228
Total	**2,028**	**3,237**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

20B CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year:		
Finished goods	1,413	1,184
Work-in-progress	2,255	1,502
	3,668	**2,686**
Inventories at the end of the year:		
Finished goods	729	1,413
Work-in-progress	703	2,255
	1,432	**3,668**
Net decrease/ (increase)	**2,236**	**(982)**

21. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages, including bonus	6,874	5,376
Contribution to provident and other funds (Refer Note 30)	604	581
Staff welfare expenses	540	633
Less: Employee benefits capitalised	(382)	(103)
Total employee benefit expenses	7,636	6,487

22. FINANCE COST

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense	5,443	5,193
Less: Borrowing costs on qualifying assets capitalised	(1,745)	(208)
Interest on deposits from dealers	232	273
Interest on lease liability	23	23
Other borrowing cost	703	818
Total finance cost	**4,656**	**6,099**

23. DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (Refer Note 2)	7,789	7,594
Depreciation on right of use assets (Refer Note 4 and 33)	161	155
Amortisation of intangible assets (Refer Note 3)	170	165
Less: Depreciation expenses capitalised	(65)	(27)
Total depreciation and amortization	**8,055**	**7,887**

24. OTHER EXPENSES

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Packing materials consumed	5,017	4,634
Stores and spares consumed	2,846	3,024
Repairs and maintenance		
Plant & equipment	1,888	1,837
Buildings	126	133
Others	1,019	854
Selling expenses	2,537	2,819
Expected credit loss allowances	85	278
Provision for incentives receivable from government	84	-
Advances written off	-	150
Rent	133	147

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Insurance	218	162
Rates and taxes	170	244
Expenditure on corporate social responsibility (Refer Note 35)	130	84
Payment to Auditors (Refer Note (i) below)	91	79
Travelling and conveyance	219	414
Security services	263	268
Donations and contributions	212	222
Legal and other professional	606	603
Administrative expenses	253	230
Printing and stationery	37	35
Communication	68	68
Net Loss on foreign currency transitions and translation	-	244
Net loss on fair value change in financial instruments	166	-
Directors sitting fees	25	14
Miscellaneous expenses	105	15
Captive consumption of Cement	(385)	(101)
Total other expenses	**15,913**	**16,457**
Note (i):		
Payment to Auditors (net of taxes) comprises:		
For audit	62	57
For limited reviews	12	12
For other services	17	9
Reimbursement of expenses	-	1
Total	**91**	**79**

25. INCOME TAX EXPENSE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Income tax recognized in the Statement of Profit & Loss		
Current Tax:		
In respect of the current year	6,610	850
	6,610	**850**
Deferred Tax		
In respect of current year origination and reversal of temporary differences	2,941	2,314
MAT Credit	-	(850)
	2,941	**1,464**
Total tax expense	**9,551**	**2,314**

Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/ (loss) before tax (A)	28,111	4,967
Statutory tax rate in India (B)	34.94%	34.94%
Expected tax expense (C = A*B)	9,822	1,735
Permanent difference		
Effect on Income disallowed under Income Tax Act, 1961	(30)	(12)
Effect on expenses disallowed under Income Tax Act, 1961	91	112
Effect on change in depreciation while filing Income tax return	6	(183)
Effect on change in Income tax rate	-	680
Effect of Tax paid at a lower rate	(287)	-
Others	(51)	(18)
Total	**(271)**	**579**
At the effective income tax rate	9,551	2,314
Total Tax expense	9,551	2,314

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Movement in deferred tax assets and liabilities for the year 2020-21:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	Recognized through other comprehensive income	MAT Credit utilised	Closing balance
Property, plant and equipment and intangible assets	17,550	513	-	-	18,063
Provision for employee benefits	(449)	90	4	-	(355)
Expected credit loss allowance	(277)	(47)	-	-	(324)
MAT credit entitlement	(4,714)	-	-	2,372	(2,342)
Carry forward unabsorbed depreciation and business losses	(9,702)	2,353	-	-	(7,349)
Others	(136)	32	-	-	(104)
Total Deferred tax liability (Net)	**2,272**	**2,941**	**4**	**2,372**	**7,589**

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

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

Gross deferred tax assets and liabilities are as follows:

As at March 31, 2021	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(6,892)	11,171	18,063
Provision for employee benefits	51	(304)	(355)
Allowance for credit losses	77	(247)	(324)
MAT credit entitlement	-	(2,342)	(2,342)
Carry forward business losses and depreciation	7,349	-	(7,349)
Others	26	(78)	(104)
Total	**611**	**8,200**	**7,589**

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

Income tax assets and liabilities

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income tax assets (net) (Net of provision of ₹ 4,415 (2019-20: ₹ 4,873))	450	465
Income tax liabilities (net) (Net of advance tax and TDS receivable for an amount of ₹ 3,807 (2019-20: ₹ 768))	1,170	602
Net Income tax liabilities	**(720)**	**(137)**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

26. COVID-19 is the infectious disease caused by the coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. The Group has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial results in determining the possible effects on the carrying amounts of Goodwill, Inventories, receivables, deferred tax assets and other current assets, that may result from the COVID-19 pandemic. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

27. CONTINGENT LIABILITIES, CORPORATE GUARANTEES AND CAPITAL COMMITMENTS

a) Contingent Liabilities:

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
Direct taxes related	2,020	1,928
Indirect taxes related	1,315	1,315
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 Group took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,612 (As at March 31, 2020: ₹ 1,612) from July 2010 to September 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 1,601 was reversed, but under protest. The balance of ₹ 11 pertains to penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. As at March 31, 2021, the matter is pending before the central excise department and pending resolution, CENVAT credit has not been availed by the Group.

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

b) Corporate Guarantees given to subsidiary companies:

Subsidiary	Guarantee against	Guarantee provided to	As at March 31, 2021	As at March 31, 2020
Sagar Cements (R) Limited	1,500 Non-Convertible Debentures (₹ 10 lakhs each)	IDBI Trusteeship Services Limited	15,000	15,000
Sagar Cements (R) Limited	Credit facilities and term loans	Federal Bank Limited	4,643	4,643
Jajpur Cements Private Limited	Term loan from Axis Bank Limited	Axis Bank Limited	20,000	20,000
Satguru Cement Private Limited	Term loan from Indus Ind Bank Limited	Axis Trustee Services Limited	31,000	27,500
Total			**70,643**	**67,143**

c) Capital Commitment:

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	**24,641**	**48,428**

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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, 2021	As at March 31, 2020
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	17	148
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act.	-	-

29. FINANCIAL INSTRUMENTS:

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

A) Capital Management:

The group manages its capital to ensure that it will be able to continue as going concern while 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:

Particulars	As at March 31, 2021	As at March 31, 2020
Debt (Refer Note below)	81,890	49,969
Cash and cash equivalents and Other bank balances	25,419	1,275
Net debt	56,471	48,694
Total equity	1,25,804	1,02,059
Net debt to equity ratio	0.45	0.48

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

B) Categories of financial instruments:

The carrying value and fair value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets		
Measured at fair value through profit and loss (FVTPL)		
Derivative Assets	6	172
Measured at amortised cost		
(i) Trade receivables	10,071	13,678
(ii) Cash and cash equivalents	22,514	290
(iii) Other bank balances	2,905	985
(iv) Other financial assets	2,115	1,881
Total Financial assets	**37,611**	**17,006**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
Financial liabilities		
Measured at amortised cost		
(i) Borrowings	80,648	48,801
(ii) Trade payables	22,899	22,300
(iii) Lease liabilities	235	278
(iv) Other financial liabilities	8,790	9,690
Total Financial liabilities	**1,12,572**	**81,069**

C) Financial risk management objectives:

The group's corporate finance function monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (includes interest rate risk), credit risk and liquidity risk. The group seeks to 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.

D) 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, 2021 would decrease/increase by ₹ 409 (for the year ended March 31, 2020: decrease/increase by ₹ 250). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Group. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	7	41,96,800	3,097	Buy	Rupees

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All amounts are in ₹ Lakhs unless otherwise stated

E) 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. The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

F) Liquidity Risk Management:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they become due. The group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the group has unutilised credit limits with banks. The group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2021 and March 31, 2020. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

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

Financing facilities:

Particulars	As at March 31, 2021	As at March 31, 2020
Secured bills acceptance facility, reviewed annually		
- amount used	5,404	8,158
- amount unused	7,096	2,342
Total	**12,500**	**10,500**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	10,217	14,063
- amount unused	6,983	3,137
Total	**17,200**	**17,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	46,756	33,938
- amount unused	6,898	35,555
Total	**53,654**	**69,493**
Secured non-convertible debentures		
- amount used	10,385	12,692
- amount unused	-	-
Total	**10,385**	**12,692**

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	22,899	-	-
Lease liabilities	47	30	158
Other financial liabilities	1,791	903	6,096
Borrowings (including current maturities of non-current borrowings)	16,845	9,367	54,436

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

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

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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 ₹ 341 (2019–20: ₹ 314). In the financial year 2020-21, as the project is under implementation, provident fund expenditure of ₹ 27 (2019–20: ₹ 5) relating to Jajpur Cements Private Limited and Satguru Cement Private Limited transferred to CWIP.

Superannuation Fund

Few directors receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the director has an option to choose the percentage of contribution in between 5% to 15% of the basic salary of the covered employee. These contributions are made to a fund administrated 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 (2019–20: ₹ 37).

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 ₹ 3 (2019–20: ₹ 6).

(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, 2021 and March 31, 2020:

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	6.46% - 6.92%	6.65% - 6.76%
Expected rate of return on plan asset	7.26% - 7.60%	7.50% - 7.65%
Expected average remaining working lives of employees	10.49 – 20.22 years	15.53 years
Rate of escalation in salary	10%	10%
Attrition rate	10%	10%

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	187	176
Interest expense	89	98
Other adjustments	6	2
Expected return on plan assets	(45)	(47)
Defined benefit cost included in profit and loss	**237**	**229**
Re-measurement effects recognized in Other Comprehensive Income (OCI):		
Actuarial loss	(11)	60
Components of defined benefit costs recognized in OCI	**(11)**	**60**

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All amounts are in ₹ Lakhs unless otherwise stated

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Present value of funded defined benefit obligations	1,560	1,455
Fair value of plan assets	(904)	(501)
Net liability arising from defined benefit obligation	656	954

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Defined benefit obligation at the beginning of the year	1,455	1,174
Current service cost	187	176
Interest cost	89	98
Re-measurements - Actuarial loss	(11)	60
Benefits paid out of plan assets and by employer	(160)	(53)
Other adjustments	-	-
Defined benefit obligation at the year end	**1,560**	**1,455**

e) Maturity profile of defined benefit obligation:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within 1 year	321	261
1 – 2 years	156	167
2 – 3 years	170	166
3 – 4 years	170	151
4 – 5 years	123	152
5 – 10 years	599	554

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of the plan assets	501	464
Expected return on plan assets	45	47
Contributions from the employer	485	42
Benefits paid out of plan assets	(122)	(52)
Re-measurement – Actuarial loss	-	-
Acquisition Adjustment/ New Policy/Premium Expenses	(5)	-
Fair value of plan asset at the year end	**904**	**501**

g) Sensitivity Analysis:

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

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	1,398	1,554	1,308	1,458
Effect of 1% change in assumed salary rate	1,552	1,395	1,454	1,308
Effect of 1% change in assumed attrition rate	1,460	1,485	1,368	1,391

The group is expected to contribute ₹ 566 lakhs to its defined benefit plans during the next financial year.

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Compensated absences:

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

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount Rate	6.46% - 6.92%	6.65% - 6.76%
Salary escalation rate	10%	10%
Attrition rate	10%	10%
Mortality tables	IALM 2012-14	IALM 2012-14
	(ultimate)	(ultimate)

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

31. SEGMENT REPORTING:

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

The Group has identified business segments as its reportable segment. Business segments are primarily cement manufacturing segment and power generation segment. No operating segments have been aggregated in arriving at the reportable segments of the Group. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Property, plant and equipment is being allocated to reportable segment distinctly identified to power is allocated to power segment and remaining is allocated to cement segment.

Particulars	Manufacturing of cement		Power generation		Total	
	2020-21	2019-20	**2020-21**	2019-20	**2020-21**	2019-20
Revenue	1,36,812	1,17,364	8,861	8,701	1,45,673	1,26,065
Less: Inter-segment revenue	-	-	8,541	8,550	8,541	8,550
Total	**1,36,812**	**1,17,364**	**320**	**151**	**1,37,132**	**1,17,515**
Segment result	32,500	11,072	(61)	(145)	32,439	10,927
Unallocable:						
- Finance Costs					4,656	6,099
- Interest income					(328)	(139)
Profit before taxes					28,111	4,967
Tax expense					(9,551)	(2,314)
Profit for the year					**18,560**	**2,653**

Particulars	Manufacturing of cement		Power generation		Total	
	2020-21	2019-20	**2020-21**	2019-20	**2020-21**	2019-20
Segment assets	1,93,252	1,52,738	32,623	33,234	2,25,875	1,85,972
Un-allocable assets					31,589	7,903
Total assets					**2,57,464**	**1,93,875**
Segment liabilities	39,434	35,117	265	946	39,699	36,063
Un-allocable liabilities					91,961	55,753
Total liabilities					**1,31,660**	**91,816**

Revenue from major Customers:

The Group is not reliant on revenues from transactions with any single external customer and did not receive 10% or more of its revenues from transactions with any single customer for the year ended March 31, 2021 and March 31, 2020.

Notes to the Consolidated Financial Statements

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32. RELATED PARTY DISCLOSURES:

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

Name	Relationship
Key managerial personnel (KMP):	
Kolappa Thanu Pillai	Chairman of the Board of Directors
Onteddu Swaminatha Reddy	Chairman of the Board of Directors (Upto June 24, 2020)
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Onteddu Rekha	Director
N. Sudha Rani	Nominee Director
T. Nagesh Reddy	Nominee Director (Upto December 30, 2020)
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Bertrand	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
Relatives of KMP:	
S. Vanajatha	Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy
S. Siddarth Reddy	Son of Dr. S. Anand Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
RV Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence
AVH Resources India Private Limited	Enterprise where a director of Sagar Cements Limited is a director

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

Nature of transaction	Party name	For the year ended March 31, 2021	For the year ended March 31, 2020
Purchase of packing materials	Panchavati Polyfibres Limited	5,680	4,777
Purchase of property, plant and equipment	RV Consulting Services Private Limited	6,340	733
Rent expenses paid	Dr. S. Anand Reddy	39	39
	S. Sreekanth Reddy	39	39
	S. Vanajatha	39	39
	Total	**117**	**117**
Interest expense on loan	Sagar Power Limited	99	99
Services received	Sagarsoft (India) Limited	56	42
	RV Consulting Services Private Limited	-	499
	Total	**56**	**541**
Reimbursement of expenses received	Sagarsoft (India) Limited	8	16
	RV Consulting Services Private Limited	8	7
	Panchavati Polyfibres Limited	6	2
	Sagar Power Limited	3	-
	Total	**25**	**25**
Payment of salary	S. Siddarth	2	-
Received against warrant conversion	RV Consulting Services Private Limited	2,190	6,023
	AVH Resources India Private Limited	4,243	4,243
	Total	**6,433**	**10,266**
Dividend paid	S. Vanajatha	64	25
	RV Consulting Services Private Limited	103	-
	S. Siddarth	53	-
	Panchavati Polyfibres Limited	2	1
	AVH Resources India Private Limited	334	90
	Total	**556**	**116**

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Compensation to key managerial personnel:

Nature of transaction	Party name	For the year ended March 31, 2021	For the year ended March 31, 2020
Short-term benefits	MD, JMD, CS and CFO	1,504	664
Sitting fee	Chairman, MD, JMD, CS, CFO and Directors	25	14
Dividend paid	MD, JMD, CS, CFO and Directors	242	134

Outstanding balances:

Nature of transaction	Party name	As at March 31, 2021	As at March 31, 2020
Advances & deposits given	Sagar Power Limited	-	1
	RV Consulting Services Private Limited	-	6
	Sagarsoft (India) Limited	-	-
	Total	**-**	**7**
Loans taken	Sagar Power Limited	900	900
Trade payables	Sagarsoft (India) Limited	-	1
	Panchavati Polyfibres Limited	796	737
	Total	**796**	**738**
Interest payable	Sagar Power Limited	-	11
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	-	88
Capital advances	RV Consulting Services Private Limited	4,298	4,539
Outstanding warrants	RV Consulting Services Private Limited (Nil (2019-20: 4.00) lakh warrants)	-	2,190
	AVH Resources India Private Limited (Nil (2019-20: 7.75) lakh warrants)	-	4,243
	Total	**-**	**6,433**

33. OPERATING LEASE

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

Operating lease commitments

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

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

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

Transition to Ind AS 116

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

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

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

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Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	1,176	-
Reclassification on adoption of Ind AS 116	-	648
Recognition on adoption of Ind AS 116	-	683
Additions	101	
Depreciation	**(161)**	(155)
Closing Balance	**1,116**	**1,176**

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

The following is the movement in lease liabilities during the year ended March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	278	-
Recognition on adoption of Ind AS 116	-	408
Additions	101	
Finance cost accrued during the year	23	12
Payment of lease liabilities	**(167)**	(142)
Closing Balance	**235**	**278**

The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Non-current lease liabilities	188	256
Current lease liabilities	47	22
Total	**235**	**278**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on discounted basis

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Within one year	47	22
After one year but not more than five years	87	191
More than 5 years	101	65

34. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after tax (₹ in lakhs)	18,560	2,653
Weighted average number of equity shares outstanding (Refer Note below)	23,130,822	21,471,653
Earnings per share:		
Basic and Diluted (in ₹)	80.24	12.36

Note: The convertible share warrants allotted by the Company are anti-dilutive in nature for the previous financial year. There are no more outstanding warrants requiring further conversion into equity shares as on March 31, 2021.

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35. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

As per Section 135 of the Companies Act, 2013, the amount required to be spent by the group for the year is ₹ 106 (2019-20: ₹ 91) i.e., 2% of average net profits for previous three financial years, calculated as per Section 198 of the Companies Act, 2013. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities are covered under Schedule VII to the Companies Act, 2013. The details of amount spent by the group are:

CSR Activities		In Cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
		(-)	(-)	(-)
(ii)	On purposes other than (i) above	130	-	130
		(84)	(-)	(84)

Amounts in the brackets indicate the previous year numbers.

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

During the year ended March 31, 2021, the warrant holders opted to convert 12,25,000 (March 31, 2020: 18,75,000) warrants to equal number of equity shares and basis of this 75% of the consideration against warrants as converted of ₹ 6,706 (March 31, 2020: ₹ 10,266) was received. The entire amount was utilized for the purposes for which funds were raised. With the said conversion, there are no more outstanding warrants requiring further conversion into equity shares (March 31, 2020: 12,25,000 warrants outstanding, consideration of ₹ 2,236 received against the outstanding warrants pending conversion to equity shares are disclosed under Money received against share warrants under 'Other Equity').

The Company acquired 100% equity stake in JCPL on May 02, 2019 for a consideration of ₹ 450 and subsequently infused ₹ 3,450 as additional equity into JCPL.

During the year ended March 31, 2020, the Company also invested an amount of ₹ 15,000 in SCPL on May 08, 2019, for acquiring 28,97,143 equity shares (face value of ₹ 10 each at a premium of ₹ 507.75) allotted to the Company on preferential basis, which constitutes 65% equity stake in SCPL. Of the said investment, the Company has disbursed ₹ 8,900 and the balance amount of ₹ 6,100 has been disbursed in the year ended March 31, 2021. Further, the Company has infused an amount of ₹ 4,325 as additional equity into JCPL in the year ended March 31, 2021.

37. Parent is eligible for reimbursement of sales tax against sales made in the state of Andhra Pradesh and reimbursement of power consumption changes, in respect of expansion of grinding unit at Bayyavaram Unit. Such reimbursements are in the nature of government grants and recognized income aggregating ₹ 1,714 (2019-20: ₹ 1,072) under 'Other operating income'.

38. Following subsidiaries has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Principal place of business	Ownership held by	% of Holding and voting power held directly	
				As at March 31, 2021	As at March 31,2020
Sagar Cements (R) Limited	Subsidiary	India	Sagar Cements Limited	100%	100%
Jajpur Cements Private Limited	Subsidiary	India	Sagar Cements Limited	100%	100%
Satguru Cement Private Limited	Subsidiary	India	Sagar Cements Limited	65%	65%

39. 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, 2021:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit and 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)	99%	1,24,633	87%	16,196	114%	8	87%	16,204
Sagar Cements (R) Limited (Subsidiary)	14%	17,060	16%	2,846	(14)%	(1)	16%	2,845
Satguru Cement Private Limited (Subsidiary)	12%	15,699	(1)%	(119)	-	-	(1)%	(119)
Jajpur Cement Private Limited (Subsidiary)	6%	8,225	(1)%	(131)	-	-	(1)%	(131)
Adjustments arising out of consolidation	(27)%	(34,462)	(1)%	(190)	-	-	(1)%	(190)
Non-controlling interests	(4)%	(5,351)	(0)%	(42)	-	-	(0)%	(42)
Total	**100%**	**1,25,804**	**100%**	**18,560**	**100%**	**7**	**100%**	**18,567**

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

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

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

Note :

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impact on elimination of intercompany transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.

40. RECONCILIATION OF REVENUE AS PER CONTRACT PRICE AND RECOGNISED IN STATEMENT OF PROFIT AND LOSS:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per Contract price	1,57,785	1,32,730
Less: Discounts and incentives	(22,848)	(16,889)
Revenue as per statement of profit and loss	1,34,937	1,15,841

- The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.
- The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.
- The Company does not have any material performance obligations which are outstanding as at the year-end as the contracts entered for sale of goods are for short term in nature.

41. During the year ended March 31, 2021, Sagar Cements (R) Limited, the wholly owned subsidiary Company has issued 1,21,50,000 equity shares of ₹ 10/- each at a premium of ₹ 60/- per share to Parent Company. Consequent to the issue of fresh equity shares, total no. of equity shares increased to 11,59,62,925 and paid up share capital increased to ₹ 11,596. The above shares were issued against the interest accrued payable on unsecured loan and advances payable of an amount of ₹ 3,614 and ₹ 4,814 respectively and balance share issue amount of ₹ 77 paid in cash.

42. The Board of Directors of the Company in their meeting held on May 12, 2021 have recommended for approval of the shareholders a dividend at ₹ 6.50 per equity share of ₹ 10 each (65%) on the 2,35,00,000 equity shares of the Company, which includes two interim dividends aggregating to ₹ 4 per equity share (40%), already paid during the financial year 2020-21. Proposed dividend of ₹ 2.50 per equity share is not recognised as a liability as at March 31, 2021.

43. The Board of Directors of Sagar Cements Limited in their meeting held on April 26, 2021 have approved the Scheme of Amalgamation of its wholly owned subsidiary Sagar Cements (R) Limited (SCRL) with Sagar Cements Limited with effect from March 30, 2021 (Appointed date). The scheme is subject to necessary approval from the authorities concerned under section 230 and 232 of the Companies Act 2013. Upon approval of the Scheme from the concerned authorities, the undertakings of Sagar Cements (R) Limited shall get transferred to and vested in Sagar Cements Limited with effect from March 30, 2021 or such other date as the Hon'ble National Company Law Tribunal may approve. Pending such approval from authorities, the effect of merger has not been given in the financial statements of the Group.

44. The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received presidential assent in September 2020. The code has been published in the Gazette of India. However, the date on which the code will come into effect has not been notified. The Group will assess the impact of the code when it comes into effect and will any related impact in the period the code becomes effective.

Notes to the Consolidated Financial Statements

All amounts are in ₹ Lakhs unless otherwise stated

45. GOODWILL ARISING ON ACQUISITION OF SATGURU CEMENT PRIVATE LIMITED AND JAJPUR CEMENTS PRIVATE LIMITED DURING THE FINANCIAL YEAR 2019-20:

On May 08, 2019, Sagar Cements Limited acquired 65% stake in Satguru Cement Private Limited by way of subscribing to 289 lakh equity shares allotted on preferential basis. The total cost of acquisition was ₹ 15,000. The purchase price has been allocated based on management's estimates and independent appraisal of fair values. The goodwill has been determined as follows:

Particulars	Amount (₹)	Amount (₹)
Consideration paid		15,000
Assets		
Non-current	20,263	
Current	1,615	
	21,878	
Liabilities		
Non-current	235	
Current	1,456	
	1,691	
Less: Net assets of Satguru Cement Private Limited as on May 08, 2019		20,187
Less: Non-controlling interest as on May 08, 2019		5,411
Goodwill on Consolidation		**224**

On May 02, 2019, Sagar Cements Limited acquired 100% stake in Jajpur Cements Private Limited. The total cost of acquisition was ₹ 450. The goodwill has been determined as follows

Particulars	Amount (₹)	Amount (₹)
Consideration paid		450
Assets		
Non-current	818	
Current	355	
	1,173	
Liabilities		
Non-current	46	
Current	742	
	788	
Less: Net assets of Jajpur Cements Private Limited as on May 02, 2019		385
Goodwill on Consolidation		**65**

46. These consolidated financial statements were approved by the Company's Board of Directors on May 12, 2021.

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
Joint Managing Director

R. Soundararajan
Company Secretary

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 12, 2021

SAGAR CEMENTS (R) LIMITED

(A wholly owned subsidiary of SAGAR CEMENTS LIMITED)

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SAGAR CEMENTS (R) LIMITED AT THEIR METING HELD ON 26TH APRIL, 2021 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION OF SAGAR CEMENTS (R) LIMITED (TRANSFEROR COMPANY WITH SAGAR CEMENTS LIMITED (TRANSFEREE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS, UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT 2013, ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF THE COMPANY

Background

1. The Board of Directors ("Board") of Sagar Cements (R) Limited (Transferor Company) at its meeting held on 26th April, 2021 unanimously approved the Scheme of Amalgamation of Sagar Cements (R) Limited (Transferor Company) with Sagar Cements Limited (Transferee Company) and their respective shareholders ("Scheme"), under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 ('Act').

2. The Scheme, *inter alia*, provides for (a) the amalgamation of the Transferor company with the Transferee Company and dissolution of the Transferor Company without winding up and (b) Various other matters incidental, consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 and other relevant provisions of the Act.

3. The salient features including the rationale of the Scheme were noted by the Board.

4. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

Valuation of the Company

1. The Transferor Company is a wholly owned subsidiary of the Transferee Company. The entire issued and paid-up equity share capital of the Company is held by the Transferee company and its nominees. No shares of the Transferee Company shall be issued to the shareholders of the Transferor Company in lieu of the said amalgamation.

2. In view of the above, valuation report and fairness opinion are not applicable.

Effect of the Scheme on the Equity shareholders, Key Managerial Personnel, Promoters and Non-Promoter shareholders

1. Equity shareholders (including Promoter and Non-Promoter):

i. The Transferor Company is a wholly owned subsidiary of the Transferee Company. The entire issued and paid-up equity share capital of the Transferor Company is held by the Transferee Company and its nominees. No shares of the Transferee Company shall be issued to the shareholders of the Transferor Company in lieu of the said amalgamation.

ii. Under the Scheme on and from the Effective Date, the shares held by the Transferee Company in the Transferor Company shall, on and from the end of the Transition Period, be cancelled or shall be deemed to have been cancelled without any further act or deed for cancellation thereof by the Transferee Company and shall cease to be in existence accordingly.

SAGAR CEMENTS (R) LIMITED * HYD

SAGAR CEMENTS (R) LIMITED

(A wholly owned subsidiary of SAGAR CEMENTS LIMITED)

iii. There are no non-promoter shareholders in the Company.

2. Key Managerial Personnel (KMPs):

i. Under Clause 16 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all the key managerial personnel of the Transferor Company, on the same terms and conditions on which they are engaged by the Company without any interruption of service and in the manner provided under the Scheme.

ii. Under the Scheme on and from the Effective Date, the Company will stand dissolved without winding up. In the circumstances, the Key Managerial Personnel of the Transferee Company will cease to be the Key Managerial Personnel of the Transferor Company.

iii. Thus, there will be no adverse effect of the Scheme on the Key Managerial Personnel of the Company.

For Sagar Cements (R) Limited

Place: Hyderabad
Date: 26.4.2021

K.Thanu Pillai
Chairman

Registered Office : Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana, India.
Phone : +91-40-23351571, 23356572 Fax : +91-40-23356573 E-mail : info-r@sagarcements.in Website : www.sagarcements-r.in
Factory : Gudipadu Village and Post, Yadiki Mandal, Ananthapur District, Andhra Pradesh - 515408. Phone: 08558-200272
CIN : U40300TG2007PLC134320 GSTIN : 36AADCB2257L3ZJ

SAGAR CEMENTS LIMITED

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SAGAR CEMENTS LIMITED AT THEIR METING HELD ON 26TH APRIL, 2021 EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION OF SAGAR CEMENTS (R) LIMITED (TRANSFEROR COMPANY WITH SAGAR CEMENTS LIMITED (TRANSFEREE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS, UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT 2013, ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS OF THE COMPANY

Background

1. Based on the recommendation of the Audit Committee, the Board of Directors ("Board") of Sagar Cements Limited (Transferee Company) at its meeting held on 26th April, 2021 unanimously approved the Scheme of Amalgamation of Sagar Cements (R) Limited (Transferor Company) with Sagar Cements Limited (Transferee Company) and their respective shareholders ("Scheme"), under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 ('Act').

2. The Scheme, *inter alia*, provides for (a) the amalgamation of the Transferor company with the Transferee Company and dissolution of the Transferor Company without winding up and (b) Various other matters incidental, consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 and other relevant provisions of the Act.

3. The salient features including the rationale of the Scheme were noted by the Board.

4. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

Valuation of the Company

1. The Transferor Company is a wholly owned subsidiary of the Transferee Company. The entire issued and paid-up equity share capital of the Company is held by the Transferee company and its nominees. No shares of the Transferee Company shall be issued to the shareholders of the Transferor Company in lieu of the said amalgamation.

2, In view of the above, valuation report and fairness opinion are not applicable.

Effect of the Scheme on the Equity shareholders, Key Managerial Personnel, Promoters and Non-Promoter shareholders

1. Equity shareholders (including Promoter and Non-Promoter):

i. As far as the equity shareholders of the Transferee Company are concerned (Promoter Shareholders as well as non-promoter shareholders), the amalgamation of Transferor Company with Transferee Company will not result in dilution of holding of promoter / promoter group in Transferee Company.

ii. The entire issued and paid-up equity share capital of the Transferor Company is held by the Transferee Company and its Nominees. Accordingly, the shares held by the Transferee Company in the Transferor Company shall, on and from the date of effective date, be cancelled or shall be deemed to have been cancelled without any further act or deed, and accordingly, no shares of the Transferee Company shall be issued to the shareholders of the Transferor Company.

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SAGAR CEMENTS LIMITED HYDERABAD

Registered Office : Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana, India.
Phone : +91-40-23351571, 23356572 Fax : +91-40-23356573 E-mail : info@sagarcements.in Website : www.sagarcements.in
Factories : Mattampally, Via Huzurnagar, Suryapet-District, Telangana - 508204. Phone : 08683 - 247039
Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Andhra Pradesh - 531031. Phone : 08924-244550 Fax : 08924-244570
CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H1ZZ

SAGAR CEMENTS LIMITED

2. Key Managerial Personnel (KMPs):

i. The Key Managerial Personnel of the Transferor Company shall continue as the Transferee Company after effectiveness of the Scheme on the same terms and conditions.

ii. Under the Scheme, no rights of the Key Managerial Personnel of the Transferee Company are being affected.

For Sagar Cements Limited

K.Thanu Pillai
Chairman

Place: Hyderabad
Date: 26.4.2021

UKAS MANAGEMENT SYSTEMS
QUALITY SYSTEM CERTIFICATION DNV·GL ISO 9001
ENVIRONMENTAL SYSTEM CERTIFICATION DNV·GL ISO 14001
SAFETY SYSTEM CERTIFICATION DNV·GL ISO 45001
ENERGY MANAGEMENT SYSTEM DNV·GL ISO 50001
MGMT. SYS. RvA C 248

Registered Office : Plot No. 111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana, India.
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CIN : L26942TG1981PLC002887 GSTIN : 36AACCS8680H1ZZ

ANNEXURE IV

CA (CAA) No. 37/230/HDB/2021

Date of Order:28.10.2021

IN THE NATIONAL COMPANY LAW TRIBUNAL

BENCH AT HYDERABAD-1

CA (CAA) No. 37/230/HDB/2021

U/s 230 to 232 of Companies Act, 2013

IN THE MATTER OF

SCHEME OF AMALGAMATION OF

M/s. Sagar Cements (R) Limited

('Transferor Company')

And

M/s. Sagar Cements Limited

("Transferee Company)

And

Their respective Shareholders

राष्ट्रीय कम्पनी विधि अधिकरण National Company Law Tribunal हैदराबाद न्यायपीठ Hyderabad Bench

M/s. Sagar Cements (R) Limited

Registered office at

Plot No.111, Road No.10, Jubilee Hills,

Hyderabad – 500033,Telangana, India,

Rep. by its Director Sri S.Sreekanth Reddy.

...1st Applicant/
Transferor Company

And

M/s. Sagar Cements Limited

a company incorporated under the

Companies Act, 1956 and having its registered office at

Plot No.111, Road No.10, Jubilee Hills,

Hyderabad – 500033,Telangana, India,

Rep. by its Director Dr.S.Anand Reddy

...2nd Applicant/
Transferee Company

CA (CAA) No. 37/230/HDB/2021
Date of Order:28.10.2021

Date of order: 28.10.2021

Coram:

Hon'ble Dr.Venkata Ramakrishna Badarinath Nandula, Member (Judicial)

Hon'ble Shri Veera Brahma Rao Arekapudi, Member (Technical)

Appearances:

For the Applicant: Shri V.B.Raju, Counsel.

Heard on: 22.10.2021

राष्ट्रीय कंपनी विधि अधिकरण
National Company Law Tribunal
हैदराबाद न्यायपीठ
Hyderabad Bench

[PER BENCH]

This is a joint Application filed by the Applicant Companies under Section 230-232 of the Companies Act, 2013, praying for dispensation of the meetings of the Equity Shareholders, Unsecured Creditors and secured Creditors of the Applicant Companies for approval of the Scheme in terms of Scheme of Amalgamation shown as per Annexure – 7 to the Application.

AVERMENTS

2. The averments germane to the facts of the Application are:

a. Sagar Cements (R) Limited (Transferor Company): A Public Limited Company, bearing CIN: U26942KA2007PLC043746 was incorporated on 30th August, 2007 under the name and style of M/s BMM Cements Limited in the State of Karnataka. Later on, the Company had changed its name to Sagar Cements (R) Limited after passing necessary resolutions and a fresh certificate of incorporation was issued by the Registrar of Companies, Karnataka, on 28th day of March, 2017. Later on the Company had changed its registered office from the State of Karnataka to State of Telangana by virtue of passing a special resolution on 27.03.2019 and after obtaining necessary approval from the Regional Director, South East Region, Hyderabad dated 21st June, 2019.The Registrar of Companies, Telangana at Hyderabad, issued a fresh certificate of incorporation on 24.07.2019 under the CIN: U40300TG2007PLC134320.

b. Transferor Company is engaged in the business of manufacturing, producing, processing, and dealing in cement and generation of power and their ancillaries etc., The Memorandum and Articles of Association of the Transferor Company is annexed hereto as **Annexure-1.**

c. The Authorized, Issued, Subscribed and Paid-up capital of the Transferor Company as on 31st March, 2020 is as follows: -

Particulars	**Amount In INR**
Authorised Share Capital 10,70,00,000 Equity Share of INR 10each	107,00,00,000
4,30,00,000 Preference Shares of INR 10 each	43,00,00,000
Total	150,00,00,000
Issued, subscribed and fully paid up shares 10,38,12,925 Equity Share of INR 10each	103,8129,250
4,30,00,000 Preference Shares of INR 10 each	43,00,00,000
Total	146,8129,250

Subsequent to 31st March, 2020, the Authorised share capital of the company has been increased from Rs.150,00,00,000/- to Rs.159,00,00,000/- divided into 11,60,00,000 (Eleven Crores Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 4,30,00,000 (Four Crores Thirty Lakhs) Preference Shares of Rs.10/- (Rupees Ten Only) each vide Special resolution dated 21.12.2020.

The company has issued and allotted 1,21,50,000 equity shares of Rs. 10/- each on Rights basis on 04.02.2021

A copy of the Audited Balance Sheet as at 31st March, 2021 of the Transferor Company-1 is annexed hereto as **Annexure-2.**

d. Sagar Cements Limited (Transferee Company) a Public Limited Company, bearing CIN: L26942TG1981PLC002887 was incorporated on 15th January, 1981 under the name and style of M/s Sagar Cements

CA (CAA) No. 37/230/HDB/2021
Date of Order:28.10.2021

Limited in the then State of Andhra Pradesh (now the State of Telangana by virtue of A.P. State Re-organisation Act, 2014).

e. The 2nd Applicant/ Transferee Company is engaged in the business of is engaged in the business of manufacturing, producing, processing, and dealing in cement and generation of power and their ancillaries etc., The Memorandum and Articles of Association of the 2nd Applicant/Transferee Company annexed hereto as **Annexure-3**.

f. The Authorized, Issued, Subscribed and Paid-up share capital of 2nd Applicant/Transferee Company as on 31st March, 2020 is as follows:

Particulars	**Amount In INR**
Authorised Share Capital 2,35,00,000 Equity Shares of INR 10each	23,50,00,000
Total	23,50,00,000
Issued, subscribed and fully paid up shares 2,22,75,000 Equity Shares of INR 10 each	22,27,50,000
Total	22,27,50,000

Subsequent to 31stMarch, 2020, - the company has allotted 12,25,000 equity shares of Rs.10/-each on 20.07.2020 against conversion of 12,25,000 outstanding convertible warrants. A copy of the audited Balance Sheet as at 31stMarch, 2021 of the 2nd Applicant/ Transferee Company is annexed hereto as **Annexure-4.**

3. **RATIONALE AND PURPOSE OF THE SCHEME OF AMALGAMATION**

The Board of Directors of the Transferor Company and Transferee Company envisages the following benefits pursuant to the Amalgamation of the Transferor Company with the Transferee Company:

The Merger of the Transferor company with the transferee Company would have the following benefits:

a. Reduction in the cost of overheads and improvement in professional management.

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Date of Order:28.10.2021

b. Reduction in multiplicity of legal and regulatory compliances and simplification of group structure.

c. Enhance the scale of operations thereby providing significant impetus to the growth of the Companies, since they are engaged in line of business that could draw upon synergies between the Transferor Company and the Transferee Company.

d. Consolidation of Transferor Company with the Transferee Company by way of amalgamation would lead to a more efficient utilization of capital and improved financial structure.

e. The benefit of consolidation of financial resources, managerial and technical expertise of the Transferor Company and the Transferee Company shall be available to the Transferee entity leading to the overall optimization of operational and administration costs.

f. The amalgamation will rationalize and optimize the group legal entity structure to ensure greater alignment of the businesses by reducing number of legal entities and also statutory compliances.

g. Will achieve synergies in business activity, consolidation, focused attention, centralized administration, Economy of operation, integrated business approach and greater efficiency.

4. **BOARD RESOLUTION**

The Board of Directors of the 1st Applicant / Transferor Company and 2nd Applicant/Transferee Company vide its resolution dated 26th April, 2021 approved the Scheme of amalgamation of M/s Sagar Cements (R), (hereinafter referred to as the **"Transferor Company"**) and M/s Sagar Cements Limited (hereinafter referred to as the **"Transferee Company"**) and their respective shareholders. The Copies of Board Resolution of the 1st Applicant / Transferor Company and 2nd Applicant/Transferee Company approving the Scheme of Amalgamation are annexed hereto and marked as **Annexure- 5 and 6** respectively.

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Date of Order:28.10.2021

5. **DETAILS OF SHAREHOLDERS IN APPLICANT COMPANIES**

a. It is submitted that there are 8 shareholders in the 1stApplicant / Transferor Company and they have given their no objection to the proposed Scheme by means of consent affidavits. A copy of the List of Shareholders and no objection affidavits received from them duly certified by Chartered Accountant is annexed as **Annexure-8** to the Application.

b. It is submitted that there are 20,943 shareholders in the 2nd Applicant / Transferee Company. A copy of the List of Shareholders duly certified by practicing company secretary is annexed hereto as **Annexure-9.**

6. **SECURED AND UNSECURED CREDITORS**

Secured Creditors

It is submitted that as on the date of filing of the Application, there are four Secured Creditors in 1st Applicant/Transferor Company. The copy of the list of Secured Creditors duly certified by Chartered Accountant along with no objection letters are annexed hereto as Annexure-10 to the Application. It is submitted that as on the date of filing of the Application, there are 3 Secured Creditors in 2nd Applicant/Transferee Company and copy of the list of Secured Creditors duly certified by Chartered Accountant is annexed as **Annexure-11** to the Application.

Unsecured Creditors

As on 30th April, 2021 there are 208 Unsecured Creditors in 1st Applicant/Transferor Company and the total amount due is Rs. 2,888.15 Lakhs. However, the 1st Applicant/Transferor company had paid off the dues to an extent of Rs. 2,807.79 Lakhs to Unsecured Creditors in full constituting more than 97.22% of total outstanding amount as on 29th June, 2021. A copy of the list of Unsecured Creditors as on 30th April, 2021 and amount outstanding as on 29th June, 2021 duly certified by the Chartered Accountant is annexed hereto as **Annexure-12.**

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Date of Order:28.10.2021

As on the date of filing of the Application, there are 256 Unsecured Creditors in 2nd Applicant/Transferee Company and copy of the list of Unsecured Creditors duly certified by Chartered Accountant is annexed hereto as **Annexure-13.**

7. CONSIDERATION

The entire issued and paid-up equity share capital of the Transferor Company is held by the Transferee Company and its nominees. Accordingly, the shares held by the Transferee Company in the Transferor Companies shall, on and from the end of the Transition Period, be cancelled or shall be deemed to have been cancelled without any further act or deed, and accordingly, no shares of the Transferee Company shall be issued to the shareholders of the Transferor Companies in lieu of the said amalgamation.

The shares of the Transferor Company, in relation to the shares held by its members, shall without any further application, act, instrument or deed be deemed to have been automatically cancelled and be of no effect on and from the end of the Transition Period.

8. ACCOUNTING TREATMENT

Accounting Treatment in the books of Transferee Company

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Transferee Company shall account for the transaction in accordance with the applicable accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Effective Date.

It is submitted that upon coming into effect of this scheme, the Transferee Company shall account for the amalgamation in its books of accounts in accordance with 'pooling of interests method' of accounting as laid down in the Indian Accounting Standard (IND AS) 103 – Business Combinations and relevant clarifications issued by Institute of Chartered Accountants of India.

CA (CAA) No. 37/230/HDB/2021

Date of Order:28.10.2021

Accounting Treatment in the books of Transferor Companies

It is submitted that Transferor Companies shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Company.

9. Counsel for the Applicant Companies has relied on the case laws to justify the present case for dispensation of conducting meetings of equity shareholders and creditors of the Transferee Company. In this connection the case laws submitted by the Counsel are mentioned below:

a. Orders passed by Hon'ble NCLAT in the matter of Ambuja Cements Limited in Company Appeal(AT) No.19 of 2021 vide orders dated 06.04.2021.

b. Orders passed by Hon'ble NCLAT in the matter of DLF Phase-IV, Commercial Developers Limited and Ors in Company Appeal(AT) No.180 of 2019 vide orders dated 19.08.2019.

c. Orders passed by Hon'ble NCLT, Mumbai Bench vide orders dated 05.09.2019 in the matter of Ness Software Services Pvt Ltd Vs. Ness Technologies(India) Pvt.Ltd. in CA(CAA) No.2629/MB/2019.

d. Orders passed by Hon'ble NCLT, Hyderabad Bench vide orders dated 06.05.2020 in the matter of Orient Software Development and Training Company Private Limited Vs. Orient Blackswan Private Limited in CA(CAA) No.57/HDB/2020.

e. Orders passed by Hon'ble NCLT, Hyderabad Bench vide orders dated 15.12.2020 in the matter of Vaidehi Avenues Limited and Aster Rail Private Limited and NCC Limited in CA(CAA) No.223/HDB/2020.

10. **DECLARATION BY THE APPLICANT COMPANIES:**

a. Counsel for Applicant Companies further submitted that since the wholly owned subsidiary company is merging with the holding company so the requirement of the meetings of the shareholders and creditors are not necessary. As the entire share capital of the

CA (CAA) No. 37/230/HDB/2021
Date of Order:28.10.2021

Transferor Company is held by the holding company and there is no necessity to issue or allot the shares as the consideration for the amalgamation. Further the amalgamation shall not dilute the shareholding of the holding company and their rights will not be effected. Further the scheme does not affect the rights and necessity of the members of the creditors of the company pursuant to the scheme. Further submitted that the assets of the Transferee Company are more than sufficient to discharge its liabilities. Therefore there is no necessity to convene the meeting of its shareholders and creditors for obtaining their consent for the sanction of the scheme. Further submitted that the various High Courts in the matter of amalgamation under Section 391 to 394 erstwhile Companies Act 1956 which established common law that in case of wholly owned subsidiary amalgamating with the holding company, the holding company (Transferee Company) need not file a separate application for seeking the sanction of the scheme of amalgamation.

b. Counsel for applicant Companies submitted that no investigation proceedings in relation to the Transferor Company or the Transferee Company under Sections 235 to 251 of the Companies Act, 1956 or the corresponding Sections 210 to 227 of the Companies Act, 2013 are pending against the respective Applicant Companies.
c. Further submitted that Transferor Company being unlisted company, no approval is necessary from any stock exchange. It is submitted that the proposed Scheme being a Scheme of arrangement involving amalgamation of the wholly owned subsidiary with its holding company, by virtue of Regulation 37(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the "SEBI (LODR)"], the Transferee Company is not required to obtain an Observation/No Objection letter from Stock Exchanges.
d. In view of the above facts and circumstances, it is respectfully submitted that since the Scheme does not envisage any arrangement or compromise with the shareholders or creditors of the Transferee

CA (CAA) No. 37/230/HDB/2021
Date of Order:28.10.2021

Company, the Transferee Company is not required to convene meetings of its shareholders and creditors for obtaining their consents for the Scheme.

11. In the light of above facts, the Applicant Companies urged this Tribunal to order the following:
To dispense with the requirement of convening the meeting of the Equity Shareholders, Secured and Unsecured Creditors of the Applicant Companies.
and pass such other order or orders as this Hon'ble Tribunal may deem fit and proper in the circumstances of the case in the interest of justice and equity.

OBSERVATION:

12. We have heard the counsel for Applicant Companies and perused the documents filed. This is the first stage joint Application seeking dispensation of convening meetings of equity Shareholders, Secured Creditors and Unsecured Creditors of the Applicant Companies. We direct the petitioner to hold the meetings of the shareholders, secured creditors and unsecured creditors of the transferee Company as per the provisions of Companies Act, 2013.

ORDER

After hearing the Counsel and after perusing the documents filed, We pass the following order:-

(i). We hereby order dispensation for conducting meetings of the Equity Shareholders, secured creditors and unsecured creditors of the Transferor Company.

(ii). We hereby order convening meetings of shareholders, secured creditors and unsecured creditors of transferee Company.

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Date of Order:28.10.2021

(iii). Appointed Mr.B.Venkata Prasad, Advocate (Mobile Number +91-9849531424) as Chairman and Ms.Rishika Kumar, (Mobile Number +91-7751849489), as Scrutinizer for convening the meetings of shareholders, Secured creditors and unsecured creditors of the Transferee Company. Fee fixed for Chairperson is Rs. 1,20,000/- and Rs.80,000/- for scrutinizer for all the meetings.

(iv). Meetings of the equity shareholders of the Transferee Company will be held on 8th December, 2021 at 11:00 AM, Meeting of the secured creditors of the Transferee Company will be held on 8th day of December, 2021 at 01:30 PM and meetings of Unsecured Creditors of the transferee Company will be held on 8th day of December, 2021 at 3.00 PM through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) for the purpose of considering the Scheme. The Voting shall be through E-Voting by person or by authorized representative.

(v). The Quorum fixed for the meetings of transferee Company are as under:-

For shareholders meeting: 50(persons).

For secured creditors meeting: 1 (persons).

For unsecured creditors meeting: 25 (persons).

(x) The notice of the Meetings of equity shareholders, secured creditors and unsecured creditors of Transferee Company shall be published in "Business Standard", English Daily, Hyderabad Edition and one in Telugu Edition of "Nava Telangana", Hyderabad Edition.

(xi) The Transferee Company or their respective authorized Signatory are directed to issue notices (s) to the equity shareholders, secured creditors and unsecured creditors of the Transferee Company by Registered Post/ Courier/Ordinary Post/ Registered email or by hand delivery to their last known address 30 days before the said meetings as per Form No. CAA2 (Rule 6) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ensuring convening the said meeting of the Transferee Company.

Further directed to intimate day, date and time, a copy of Explanatory Statement, pursuant to be sent under Section 230 of the Companies Act, 2013.

(xii) The Transferee Company to serve notices upon the Regional Director, South-East Region, Ministry of Corporate Affairs, Hyderabad pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 if no response is received by the Tribunal from Regional Director within 30 days of the date of receipt of the notice, it will be presumed that Regional Director and/or Central Government has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016.

(xiii) The Transferee Company to serve the notice upon the Registrar of Companies Hyderabad pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises Arrangement and Amalgamations) Rules, 2016 and if no response is received by the Tribunal from Registrar of Companies, Hyderabad within 30 days of the date of receipt of the notice, it will be presumed that Registrar of Companies, Hyderabad has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise Arrangements and Amalgamations) Rules, 2016.

(xiv) The Transferee Company to serve notice upon the Income Tax Authority, within whose jurisdiction that Applicant Companies Assessment are made, pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 if no response is received by the Tribunal from Income Tax Authority within 30 days of the date of receipt of the notice, it will be presumed that Income Tax Authority has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016.

(xv) The Transferee Company to serve notice upon the Official Liquidator pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises Arrangements and Amalgamations) Rules, 2016 if no response is received by the Tribunal from Official Liquidator within 30 days of the date of receipt of the notice it will be presumed that Official Liquidator has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016.

(xvi) The Transferee Company to serve notice upon the SEBI, BSE & NSE pursuant to Section 230 (5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises Arrangements and Amalgamations) Rules, 2016 if no response is received by the Tribunal from the SEBI, BSE & NSE within 30 days of the date of receipt of the notice it will be presumed that SEBI, BSE&NSE has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016.

(xvii) The Chairmen shall have all powers under the Companies (Compromises, Arrangement and Amalgamation) Rules, 2016 in relation to the conduct of the meetings (s) including for deciding procedural questions that may arise before or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the meeting by any person (s).

(xviii) The voting shall be in person or by proxy or e-voting or authorized representative in case be permitted, provided that the proxy in the Form No. MGT-11 authorization duly signed by the person entitled to attend and vote at the meeting, is to be filed with the Applicant Company at its Registered office, not later than, forty eight hours before the aforesaid meeting in accordance with Rule 10 of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016.

CA (CAA) No. 37/230/HDB/2021
Date of Order:28.10.2021

(xix) The Chairmen to file affidavit within 7 days before the date of the said meetings to this Tribunal that the direction regarding convening and issuance of notice (s) to all the necessary parties have been duly complied with in conformity with the relevant provisions of the Companies Act, 2013 R/w Companies (Compromise, Arrangement and Amalgamation) Rules, 2016. The Chairman shall report the conclusion of the aforesaid meetings within 10 days from the date of such meetings as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

(xx) Accordingly, the application CA(CAA) Merger & Amalgamation/37/2021 is allowed and disposed.

Veera Brahma Rao Arekapudi
Member (Technical)

Dr.N.V. Ramakrishna Badrinath
Member (Judicial)

Pavani

K. Sanjiv
28/10/2021
Deputy Registrar / Assistant Registrar / Court Officer
National Company Law Tribunal, Hyderabad Bench

प्रमाणित प्रति
CERTIFIED TRUE COPY
केस संख्या
CASE NUMBER CA(CAA)No.37/230/HDB/2021
निर्णय का तारीख
DATE OF JUDGEMENT 28/10/2021
प्रति तैयार किया गया तारीख
COPY MADE READY ON 29/10/2021

ANNEXURE V

SAGAR CEMENTS (R) LIMITED
CIN No: U40300TG2007PLC134320
Plot No. 111, Road No. 10, Jubilee Hills, Hyderabad - 500 033 Fax: +91 40 23356573
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30,2021

(In Indian ₹ lakhs, except per share data and unless otherwise stated)

Sl. No	Particulars	Quarter ended	Six months ended		Year ended
		September 30, 2021	September 30, 2021	September 30, 2020	March 31, 2021
		(Refer Note 9)	(Unaudited)	(Unaudited)	(Audited)
1	**Income from operations**				
	(a) Revenue from operations	11,239	22,286	15,544	37,678
	(b) Other Income	(24)	114	104	116
	Total income	**11,215**	**22,400**	15,648	37,794
2	**Expenses**				
	(a) Cost of materials consumed	1,511	3,120	1,723	4,500
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(919)	378	847
	(c) Employee benefits expense	333	622	578	1,200
	(d) Finance costs	785	1,581	1,805	3,413
	(e) Depreciation and amortisation expense	575	1,132	1,111	2,221
	(f) Power and fuel expense	3,475	7,020	3,331	8,607
	(g) Freight & forwarding	2,511	4,726	2,930	7,859
	(h) Other expenses	1,463	2,863	2,099	4,765
	Total expenses	**10,677**	**20,145**	**13,955**	**33,412**
3	**Profit before tax (1-2)**	**538**	**2,255**	**1,693**	**4,382**
4	**Tax expense**				
	(a) Current Tax	-	-	-	-
	(b) Deferred Tax	264	850	642	1,536
	Total Tax	**264**	**850**	**642**	**1,536**
5	**Net profit for the period (3-4)**	**274**	**1,405**	**1,051**	**2,846**
6	**Other comprehensive income**				
	(i) Remeasurements losses on defined benefit plans	-	-	-	(1)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	Total Other comprehensive loss	-	-	-	**(1)**
7	**Total comprehensive income (5+6)**	274	1,405	1,051	**2,845**
8	Paid up equity share capital	11,596	11,596	10,381	11,596
9	Other equity	6,869	6,869	(3,620)	5,464
10	Net worth (Refer note 3)	18,465	18,465	6,761	17,060
11	Paid up Debt Capital (Refer note 3)	9,231	9,231	11,538	10,384
12	Earnings per share (Basic & Diluted) of ₹ 10 each	0.23	1.21	1.01	2.69
13	Debt Equity Ratio (Refer note 3)	1.36	1.36	4.14	1.51
14	Debt Service Coverage Ratio (Refer note 3)	1.03	1.26	1.43	1.28
15	Interest Service Coverage Ratio (Refer note 3)	2.17	2.73	2.25	2.55
16	Long term Debt to Working Capital (Refer note 3)	4.96	4.96	(5.45)	14.98
17	Total debts to Total Assets ratio (Refer note 3)	0.51	0.51	0.58	0.50
18	Current ratio (Refer note 3)	1.78	1.78	0.65	1.22
19	Bad debts to Account receivable ratio (Refer note 3)	0.03	0.03	0.05	0.05
20	Current liability ratio (Refer note 3)	0.18	0.18	0.31	0.22
21	Debtors Turnover ratio (Refer note 3)	13.85	13.74	7.97	10.82
22	Inventory Turnover ratio (Refer note 3)	10.61	10.52	8.09	11.17
23	Operating Margin (Refer note 3)	17.12%	21.80%	28.98%	26.29%
24	Net Profit Margin (Refer note 3)	2.45%	6.31%	6.76%	7.56%
					(*)

(*) - Annualised

SAGAR CEMENTS (R) LIMITED * HYD

Balance sheet

(₹ in lakhs)

Particulars	As at September 30, 2021 (Unaudited)	As at March 31, 2021 (Audited)
ASSETS		
Non-current assets		
(a) Property, plant and equipment	40,822	41,167
(b) Capital work-in-progress	850	308
(c) Right of use assets	59	4
(d) Intangible assets	9	9
(e) Financial assets		
- Other financial assets	348	267
(f) Deferred tax assets (net)	-	538
(g) Income tax assets (net)	157	176
(h) Other non-current assets	166	167
Total Non-current assets (1)	**42,411**	**42,636**
Current assets		
(a) Inventories	5,237	3,231
(b) Financial assets		
(i) Trade receivables	3,715	2,769
(ii) Cash and cash equivalents	351	2,005
(iii) Bank balances other than Cash and cash equivalents	619	362
(iv) Other financial assets	145	77
(c) Other current assets	1,493	1,025
Total Current assets (2)	**11,560**	**9,469**
Total Assets (1+2)	**53,971**	**52,105**
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	11,596	11,596
(b) Other equity	6,869	5,464
Total Equity (1)	**18,465**	**17,060**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	22,035	21,894
(ia) Lease liabilities	41	1
(ii) Other financial liabilities	947	1,753
(b) Provisions	125	123
(c) Deferred tax liabilities (net)	313	-
(d) Other non current liabilities	50	50
Total Non-current liabilities (2)	**23,511**	**23,821**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings (Refer note 7)	5,478	3,474
(ia) Lease liabilities	21	4
(ii) Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	15	4
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	4,622	5,282
(iii) Other financial liabilities (Refer note 7)	425	463
(b) Provisions	72	61
(c) Other current liabilities	1,362	1,936
Total Current liabilities (3)	**11,995**	**11,224**
Total Liabilities (4=2+3)	**35,506**	**35,045**
Total Equity and Liabilities (1+2+3)	**53,971**	**52,105**

SAGAR CEMENTS (R) LIMITED ★ HYD

Statement of cash flows for the six months ended September 30, 2021

(₹ in lakhs)

	Particulars	Six months ended September 30, 2021 (Unaudited)		Six months ended September 30, 2020 (Unaudited)	
A	**Cash flows from operating activities**				
	Profit before tax for the period		2,255		1,693
	Adjustments for:				
	Depreciation and amortisation expense	1,132		1,111	
	Finance costs	1,581		1,805	
	Interest income	(29)		(13)	
	Expected credit loss allowance on trade receivables	-		100	
	Provision for incentives receivable from government	75		-	
	Unrealised loss on foreign currency transactions and translation	-		38	
	Net loss on fair value change in financial instruments	1		71	
	Provisions no longer required written back	(75)		-	
			2,685		3,112
	Operating profit before working capital changes		4,940		4,805
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Trade receivables	(871)		477	
	Inventories	(2,006)		(662)	
	Other financial assets	(62)		(40)	
	Other assets	(539)		(23)	
			(3,478)		(248)
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	(649)		(891)	
	Other financial liabilities	94		17	
	Provisions	13		11	
	Other liabilities	(574)		115	
			(1,116)		(748)
	Cash generated from operating activities		346		3,809
	Less: Income tax refund/ (paid)		19		(1)
	Net cash generated from operating activities		365		3,808
B	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances	(1,331)		(133)	
	Deposits not considered as cash and cash equivalents				
	- Placed	(506)		(446)	
	- Matured	157		-	
	Proceeds from disposal of plant and equipment's	6		-	
	Interest received	19		14	
	Net cash used in investing activities		(1,655)		(565)
C	**Cash flow from financing activities**				
	Repayment of unsecured loan from related party	(900)		-	
	Proceeds from non-current borrowings	1,011		-	
	Repayment of non-current borrowings	(1,495)		(1,430)	
	Proceeds of current borrowings (net)	1,978		93	
	Repayment of lease liabilities	(15)		(14)	
	Finance costs	(943)		(1,896)	
	Net cash used in financing activities		(364)		(3,247)
	Net increase in cash and cash equivalents (A+B+C)		(1,654)		(4)
	Cash and cash equivalents at the beginning of the year		2,005		7
	Cash and cash equivalents at the end of the year		351		3

SAGAR CEMENTS (R) LIMITED HYD

Notes:

1 The above unaudited financial results of Sagar Cements (R) Limited ("the Company") as reviewed by the Audit Committee has been approved by the Board of Directors at its meeting held on October 27, 2021. The statutory auditors have carried out a limited review of the financial results.

2 The financial results of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI") .

3 Ratios have been computed as follows:

a) Debt equity ratio (times) = Debt / Net Worth
[Debt: Long term secured loans + Current maturities of long term debt + Loan term unsecured loans]
[Net Worth: Equity share capital + Reserves and Surplus]

b) Debt service coverage ratio (times) = Earnings before depreciation, interest and tax / (Interest expense during the period + Principal repayment (excluding refinanced debt) for all the loan funds during the period).

c) Interest service coverage ratio (times) = Cash profit after adjusting depreciation / Interest expense during the period.
[Cash profit after adjusting depreciation: Profit After Tax + Interest + Depreciation]

d) Paid up Debt Capital = Non Convertible Debentures

e) Long term Debt to Working Capital (times) = [(Non-Current Borrowings + Current maturities of long term debt + Loan term unsecured loans)/ (Net working capital excl. Current borrowings)]

f) Total debts to Total Assets ratio (%) = [(Long term debt + Current borrowings)/ Total Assets]

g) Current ratio (times) = (Current Assets/ Current Liabilities excl. Current borrowings)

h) Bad debts to Account receivable ratio (%) = (Bad Debts/ Average Trade. Receivable)

i) Current liability ratio (%) = (Current liabilities excl. Current borrowings/ Total liabilities)

j) Debtors Turnover ratio (times) = [(Sales of Products and Services/ Average Trade Receivable)] - Annualised

k) Inventory Turnover ratio (times) = [(Sales of Products and Services/ Average Inventory)] - Annualised

l) Operating Margin (%) = [(Profit before Depreciation, Interest, Tax and Exceptional Item Less Other Income)/ Sales of Products and Services]

m) Net Profit Margin (%) = [Profit after tax/ Sales of Products and Services]

4 COVID-19 is the infectious disease caused by the coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. The Company has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial results in determining the possible effects on the carrying amounts of Inventories, receivables, deferred tax assets and other current assets, that may result from the COVID-19 pandemic. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

5 The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (the Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will complete its evaluation and will give appropriate impact in its financial results in the period in which the Code becomes effective and the related rules are published.

6 The Board of Directors of the Company in their meeting on April 26, 2021 have approved the proposed Scheme of Amalgamation of the Company with its parent company Sagar Cements Limited subject to necessary approval from the authorities concerned under section 230 and 232 of the Companies Act 2013. Merger application has been filed with the Hon'ble National Company Law Tribunal on July 12, 2021. Upon approval of the Scheme from the concerned authorities, the undertakings of the Company shall get transferred to and vested in the Sagar Cements Limited (Parent Company) with the Appointed Date i.e., March 30, 2021 or such other date as the Hon'ble National Company Law Tribunal may approve. Pending such approval, financial results of the Company for the quarter and half year ended September 30, 2021 and year ended March 31, 2021 are presented without giving effect to the said merger.

7 On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification, amended Schedule III of the Companies Act, 2013, applicable for financial periods commencing from April 01, 2021. Pursuant to such amendments, current maturities of long term borrowings of ₹ 2,965 Lakhs as at March 31, 2021 have been reclassified from 'Other current financial liabilities' to 'Short term borrowings'.

8 The Securities Exchange Board of India (SEBI) vide its circular No SEBI/HO/DDHS/CIR/2021/0000000637 dated October 05, 2021 amended regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), regulations 2015, mandating entities that have listed non-convertible securities to disclose financial results on a quarterly basis. Company has availed the exemption provided by the said circular and accordingly the figures for the corresponding quarters have not been included in the Statement.

9 The figures for the quarter ended September 30, 2021 are the balancing figures between the year-to-date reviewed figures for the six months period ended September 30, 2021 and unreviewed/ unaudited figures for the quarter ended June 30, 2021.

For Sagar Cements (R) Limited

SAGAR CEMENTS (R) LIMITED * HYD

Dr. S. Anand Reddy
(Managing Director)

Place: Hyderabad
Date: October 27, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
SAGAR CEMENTS (R) LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results ("Results") of **SAGAR CEMENTS (R) LIMITED** ("the Company") for the quarter and six months ended September 30, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. As stated in Note 9, the figures for the quarter ended September 30, 2021 are the balancing figures between the year-to-date figures for the six months period ended September 30, 2021 and figures for the quarter ended June 30, 2021. We have not reviewed or audited the figures for the quarter ended June 30, 2021.

   Our report on the Statement is not modified in respect of this matter.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN:21201193AAAAIT7532)

Place: Hyderabad
Date: October 27, 2021

ANNEXURE VI

SAGAR CEMENTS LIMITED
CIN No: L26942TG1981PLC002887
Plot No. 111, Road No. 10, Jubilee Hills, Hyderabad - 500 033, Phone: +91 40 23351571 Fax: +91 40 23356573

STATEMENT OF UNAUDITED STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2021

(₹ in lakhs, except per share data and unless otherwise stated)

Sl. No.	Particulars	Standalone						Consolidated					
		Quarter ended			Six months ended		Year ended	Quarter ended			Six months ended		Year ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**												
	(a) Revenue from operations	26,614	28,398	24,211	55,012	43,696	1,00,170	36,893	39,257	32,588	76,150	59,000	1,37,132
	(b) Other income	633	680	602	1,313	1,030	2,069	257	476	329	733	408	778
	Total Income	**27,247**	**29,078**	**24,813**	**56,325**	**44,726**	**1,02,239**	**37,150**	**39,733**	**32,917**	**76,883**	**59,408**	**1,37,910**
2	**Expenses**												
	(a) Cost of materials consumed	4,840	4,917	3,459	9,757	5,897	15,210	6,375	6,526	4,467	12,901	7,620	19,710
	(b) Purchase of stock-in-trade	948	359	774	1,307	1,273	2,028	413	359	774	772	1,273	2,028
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(819)	(685)	(396)	(1,504)	406	1,389	(818)	(1,628)	(520)	(2,446)	784	2,236
	(d) Employee benefits expense	1,679	1,631	1,818	3,310	3,058	6,604	2,017	1,907	2,092	3,924	3,546	7,636
	(e) Finance costs	680	636	605	1,316	1,287	2,525	1,142	1,557	1,165	2,699	2,446	4,656
	(f) Depreciation and amortisation expense	1,360	1,331	1,409	2,691	2,799	5,620	1,993	1,941	2,024	3,934	4,019	8,055
	(g) Power and fuel expenses	7,729	6,465	4,065	14,194	7,220	17,536	11,204	10,010	6,096	21,214	10,551	26,143
	(h) Freight and forwarding	4,267	4,491	3,862	8,758	6,536	15,563	6,778	6,706	5,554	13,484	9,466	23,422
	(i) Other expenses	3,720	3,370	2,609	7,090	4,569	11,525	4,846	4,666	3,648	9,512	6,582	15,913
	Total expenses	**24,404**	**22,515**	**18,205**	**46,919**	**33,045**	**78,000**	**33,950**	**32,044**	**25,300**	**65,994**	**46,287**	**1,09,799**
3	**Profit before tax (1 - 2)**	**2,843**	**6,563**	**6,608**	**9,406**	**11,681**	**24,239**	**3,200**	**7,689**	**7,617**	**10,889**	**13,121**	**28,111**
4	**Tax expense**												
	(a) Current tax	841	2,287	1,871	3,128	2,763	6,610	841	2,287	1,871	3,128	2,763	6,610
	(b) Deferred tax	51	(60)	335	(9)	1,117	1,433	283	393	729	676	1,741	2,941
	Total tax	**892**	**2,227**	**2,206**	**3,119**	**3,880**	**8,043**	**1,124**	**2,680**	**2,600**	**3,804**	**4,504**	**9,551**
5	**Net profit for the period/ year (3 - 4)**	**1,951**	**4,336**	**4,402**	**6,287**	**7,801**	**16,196**	**2,076**	**5,009**	**5,017**	**7,085**	**8,617**	**18,560**
6	**Other comprehensive income**												
	(i) Remeasurements gain on defined benefit plans	-	-	-	-	-	12	-	-	-	-	-	11
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	(4)	-	-	-	-	-	(4)
	Total Other comprehensive income	-	-	-	-	-	8	-	-	-	-	-	7
7	**Total comprehensive income (5+6)**	**1,951**	**4,336**	**4,402**	**6,287**	**7,801**	**16,204**	**2,076**	**5,009**	**5,017**	**7,085**	**8,617**	**18,567**
8	**Profit attributable to:**												
	Owners of the company							2,107	5,143	5,027	7,250	8,640	18,602
	Non-controlling interest							(31)	(134)	(10)	(165)	(23)	(42)
								2,076	**5,009**	**5,017**	**7,085**	**8,617**	**18,560**
9	**Total comprehensive income attributable to:**												
	Equity attributable to shareholders of the Company							2,107	5,143	5,027	7,250	8,640	18,609
	Non-controlling interest							(31)	(134)	(10)	(165)	(23)	(42)
								2,076	**5,009**	**5,017**	**7,085**	**8,617**	**18,567**
8	Paid up equity share capital (Face value of ₹ 2 per share) (Refer Note 8)						2,350						2,350
9	Other equity						1,22,283						1,18,103
10	Earnings per share (Basic & Diluted) of ₹ 2 each (Refer Note 8)	1.66	3.69	3.79	5.35	6.85	14.00	1.77	4.26	4.32	6.03	7.57	16.05
							(*)						(*)

(*) - Annualised

Balance Sheet

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	As at September 30, 2021 (unaudited)	As at March 31, 2021 (Audited)	As at September 30, 2021 (unaudited)	As at March 31, 2021 (Audited)
ASSETS				
Non-current assets				
(a) Property, plant and equipment	79,893	79,241	1,21,593	1,21,342
(b) Capital work-in-progress	2,836	2,536	74,723	51,748
(c) Right of use assets	307	55	1,422	1,116
(d) Goodwill	-	-	4,162	4,162
(e) Intangible assets				
Mining Rights	-	-	5,641	5,725
Other Intangible assets	21	23	30	32
(f) Financial assets				
(i) Investments	67,153	62,128	-	-
(ii) Loans	7,055	2,500	-	-
(iii) Other financial assets	1,297	1,263	2,576	1,786
(g) Income tax assets (net)	274	274	431	450
(h) Deferred tax assets (net)	-	-	238	611
(i) Other non-current assets	1,520	1,160	8,406	11,133
Total Non-current assets (1)	**1,60,356**	**1,49,180**	**2,19,222**	**1,98,105**
Current assets				
(a) Inventories	10,283	9,197	16,091	12,428
(b) Financial assets				
(i) Trade receivables	13,834	7,305	16,931	10,071
(ii) Cash and cash equivalents	10,176	19,433	10,654	22,514
(iii) Bank balances other than Cash and cash equivalents	1,245	914	2,157	2,905
(iv) Other financial assets	533	252	511	335
(c) Other current assets	4,738	4,649	14,472	11,106
Total Current assets (2)	**40,809**	**41,750**	**60,816**	**59,359**
TOTAL ASSETS (1+2)	**2,01,165**	**1,90,930**	**2,80,038**	**2,57,464**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital (Refer Note 8)	2,350	2,350	2,350	2,350
(b) Other equity	1,27,982	1,22,283	1,24,765	1,18,103
Equity attributable to shareholders of the Company	**1,30,332**	**1,24,633**	**1,27,115**	**1,20,453**
Non controlling interest	-	-	**6,236**	**5,351**
Total Equity (1)	**1,30,332**	**1,24,633**	**1,33,351**	**1,25,804**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	10,354	12,397	69,427	63,803
(ia) Lease liabilities	225	41	417	188
(ii) Other financial liabilities	5,982	5,700	6,664	6,999
(b) Provisions	537	490	673	624
(c) Deferred tax liabilities (net)	9,641	8,200	9,954	8,200
(d) Other non-current liabilities	179	179	229	229
Total Non-current liabilities (2)	**26,918**	**27,007**	**87,364**	**80,043**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings (Refer Note 9)	15,670	13,371	21,958	16,845
(ia) Lease liabilities	95	20	141	47
(ii) Trade payables				
(a) total outstanding dues of micro enterprises and small enterprises	81	13	96	17
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	19,740	17,491	25,226	22,882
(iii) Other financial liabilities (Refer Note 9)	691	320	4,180	1,791
(b) Provisions	490	376	568	443
(c) Current tax liabilities (net)	2,072	1,170	2,072	1,170
(d) Other current liabilities	5,076	6,529	5,082	8,422
Total Current liabilities (3)	**43,915**	**39,290**	**59,323**	**51,617**
TOTAL EQUITY AND LIABILITIES (1+2+3)	**2,01,165**	**1,90,930**	**2,80,038**	**2,57,464**

SAGAR CEMENTS LIMITED

(₹ in lakhs)

Statement of cash flows for the six months ended September 30, 2021

	Particulars	Standalone				Consolidated			
		Six months ended September 30, 2021		Six months ended September 30, 2020		Six months ended September 30, 2021		Six months ended September 30, 2020	
A	**Cash flow from operating activities**								
	Profit before tax		9,406		11,681		10,889		13,121
	Adjustments for								
	Depreciation and amortization expense	2,691		2,799		3,934		4,049	
	Finance costs	1,316		1,287		2,699		2,446	
	Interest income	(1,246)		(801)		(581)		(88)	
	Provisions no longer required written back	-		-		(75)		-	
	Advances written off	-		3		-		3	
	Expected credit loss allowance on trade receivables	192		55		192		155	
	Provision for incentives receivable from government	250		-		325		-	
	Unrealised (gain)/ loss on foreign currency transactions and translation	(23)		101		(23)		139	
	Net loss on fair value change in financial instruments	54		161		55		232	
	Loss on sale of property, plant and equipment (net)	25		-		25		-	
	Incentives received from government	-		(678)		-		(678)	
			3,259		2,927		6,551		6,258
	Operating profit before working capital changes		12,665		14,608		17,440		19,379
	Changes in working capital								
	Adjustments for (increase)/decrease in operating assets:								
	Trade receivables	(6,721)		(1,671)		(6,977)		(1,195)	
	Inventories	(1,086)		(1,098)		(3,663)		(1,760)	
	Other financial assets	(127)		(19)		(181)		(341)	
	Other assets	(318)		(378)		(3,669)		(459)	
			(8,252)		(3,166)		(14,490)		(3,755)
	Adjustments for increase/(decrease) in operating liabilities:								
	Trade payables	2,340		(2,328)		2,446		(3,224)	
	Other financial liabilities	356		(52)		570		(35)	
	Provisions	161		3		174		14	
	Other liabilities	(1,453)		360		(3,340)		430	
			1,404		(2,017)		(150)		(2,815)
	Cash generated from operating activities		5,817		9,425		2,800		12,809
	Less: Income tax paid		(777)		(1,030)		(758)		(1,029)
	Net cash generated from operating activities		5,040		8,395		2,042		11,780
B	**Cash flow from investing activities**								
	Capital expenditure on property, plant and equipment including capital advances	(4,153)		(966)		(22,606)		(13,161)	
	Deposits not considered as cash and cash equivalents								
	- Placed	(328)		(170)		(1,352)		(1,015)	
	- Matured	-		-		1,336		-	
	Proceeds from disposal of plant and equipment	466		12		472		13	
	Investments made during the year	(4,375)		(4,015)		-		-	
	Interest received	330		610		552		137	
	Net cash used in investing activities		(8,060)		(4,529)		(21,598)		(14,026)
C	**Cash flow from financing activities**								
	Proceeds on allotment of equity shares upon conversion of warrants	-		6,706		-		6,706	
	Proceeds on allotment of equity shares	-		-		1,050		-	
	Proceeds from non-current borrowings	991		-		10,180		9,792	
	Repayment of non-current borrowings	(1,750)		(1,707)		(3,246)		(3,136)	
	Repayment of unsecured loans from related party	-		-		(900)		-	
	Unsecured loans given to subsidiaries	(4,555)		-		-		-	
	Proceeds/ (repayment) from current borrowings (net)	1,015		(2,692)		3,803		(2,799)	
	Repayment of lease liabilities	(64)		(61)		(91)		(81)	
	Finance costs	(1,286)		(1,334)		(2,512)		(2,470)	
	Dividends paid	(588)		(588)		(588)		(588)	
	Net cash generated from financing activities		(6,237)		324		7,696		7,424
	Net increase in cash and cash equivalent (A+B+C)		(9,257)		4,190		(11,860)		5,178
	Cash and cash equivalent at the beginning of the year		19,433		171		22,514		290
	Cash and cash equivalent at the end of the year		10,176		4,361		10,654		5,468

SAGAR CEMENTS LIMITED

Notes:

1 Consolidated Segment information:

Based on the "management approach" as defined in IND AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on analysis of various performance indicators by the business segments. Accordingly, information has been presented along these business segments. The accounting principles used in presentation of financial statements are consistently applied to record revenue and expenditure in individual segments.

(₹ In lakhs)

Particulars	Consolidated					
	Quarter ended			Six months ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment revenue						
(a) Cement	36,804	39,238	32,511	76,042	58,923	1,36,812
(b) Power	2,992	2,830	2,332	5,822	3,776	8,861
Total	**39,796**	**42,068**	**34,843**	**81,864**	**62,699**	**1,45,673**
Less: Inter segment revenue	2,903	2,811	2,255	5,714	3,699	8,541
Revenue from operations	**36,893**	**39,257**	**32,588**	**76,150**	**59,000**	**1,37,132**
2. Segment results Profit(+)/ Loss(-) before tax and Interest						
(a) Cement	4,064	8,946	8,729	13,010	15,538	32,500
(b) Power	(9)	6	(1)	(3)	(59)	(61)
Total	**4,055**	**8,952**	**8,728**	**13,007**	**15,479**	**32,439**
Less:						
(i) Interest expenses (finance costs)	1,142	1,557	1,165	2,699	2,446	4,656
(ii) Un-allocable income (Net of un-allocable expense)	(287)	(294)	(54)	(581)	(88)	(328)
Total Profit before tax	**3,200**	**7,689**	**7,617**	**10,889**	**13,121**	**28,111**

(₹ In lakhs)

Particulars	As at September 30, 2021	As at June 30, 2021	As at March 31, 2021	As at September 30, 2020
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
Segment assets				
(a) Cement	2,29,329	2,21,780	1,93,253	1,67,792
(b) Power	31,329	30,824	32,623	32,319
(c) Unallocated	19,380	23,431	31,588	13,400
Total assets	**2,80,038**	**2,76,035**	**2,57,464**	**2,13,511**
Segment liabilities				
(a) Cement	41,760	47,901	39,434	34,054
(b) Power	294	98	265	234
(c) Unallocated	1,04,633	97,223	91,961	62,429
Total liabilities	**1,46,687**	**1,45,222**	**1,31,660**	**96,717**

2 The above standalone and consolidated financial results of Sagar Cements Limited ("the Company") as reviewed by the Audit Committee has been approved by the Board of Directors at its meeting held on October 27, 2021. The statutory auditors have carried out a limited review of the financial results.

3 The standalone and consolidated financial results of the Company have been prepared in accordance with the Indian Accounting Standards as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder ('Ind AS') and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").

4 The consolidated financial results includes the results of:
a. Sagar Cements Limited (parent company).
b. Sagar Cements (R) Limited (wholly owned subsidiary company)
c. Jajpur Cements Private Limited (wholly owned subsidiary company)
d. Satguru Cement Private Limited (subsidiary company)

5 COVID-19 is the infectious disease caused by the coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. The Group has considered internal and certain external sources of information, including economic forecasts and industry reports, up to the date of approval of the financial results in determining the possible effects on the carrying amounts of Investments made in the subsidiaries/Goodwill on consolidation, Inventories, receivables, deferred tax assets and other current assets, that may result from the COVID-19 pandemic. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

6 The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (the Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Group will complete its evaluation and will give appropriate impact in its financial results in the period in which the Code becomes effective and the related rules are published.

7 The Board of Directors of the Company in their meeting on April 26, 2021 have approved the Scheme of Amalgamation of its wholly owned subsidiary Sagar Cements (R) Limited (SCRL) with the Company subject to necessary approval from the authorities concerned under section 230 and 232 of the Companies Act 2013. Merger application has been filed with the Hon'ble National Company Law Tribunal on July 12, 2021. Upon approval of the Scheme from the concerned authorities, the undertakings of Sagar Cements (R) Limited shall get transferred to and vested in the Company with effect from the Appointed Date i.e., March 30, 2021 or such other date as the Hon'ble National Company Law Tribunal may approve. Pending such approval, the standalone financial results of the Company for the quarter and half year ended September 30, 2021 and year ended March 31, 2021 are presented without giving effect to the said merger.

8 The Board of Directors, at their meeting held on July 01, 2021, recommended for the sub-division of equity shares of the Company from existing face value of Rs. 10/- each into face value of Rs. 2/- each (i.e. split of 1 equity share of Rs. 10/- each into 5 equity shares of Rs. 2/- each), and the same has been approved by the shareholders in the Annual General Meeting of the Company held on July 28, 2021. Accordingly, face value of the equity shares of the Company now stand at Rs. 2/- each w.e.f the record date namely August 18, 2021 and earnings per share has been accordingly restated for all the periods presented.

9 On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification, amended Schedule III of the Companies Act, 2013, applicable for financial periods commencing from April 01, 2021. Pursuant to such amendments, current maturities of long term borrowings of ₹ 6,628 Lakhs and ₹ 3,663 Lakhs as at March 31, 2021 in consolidated and standalone financial results respectively have been reclassified from 'Other current financial liabilities' to 'Short term borrowings'.

10 On October 27, 2021, Satguru Cement Private Limited, (subsidiary of the Company) has commenced the clinkerization process at its newly implemented integrated cement plant of 1 MTPA capacity in Madhya Pradesh.

For Sagar Cements Limited

SAGAR CEMENTS LIMITED

Dr. S. Anand Reddy
(Managing Director)

Place: Hyderabad
Date: October 27, 2021

Deloitte Haskins & Sells

Chartered Accountants
KRB Towers, Plot No.1 to 4 & 4A
1st, 2nd & 3rd Floor
Jubilee Enclave, Madhapur
Hyderabad – 500 081
Telanagana, India

Tel : +91 40 7125 3600
Fax : +91 40 7125 3601

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
SAGAR CEMENTS LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **SAGAR CEMENTS LIMITED** ("the Company") for the quarter and six months ended September 30, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
(UDIN:21201193AAAAIS8699)

Place: Hyderabad
Date: October 27, 2021

Deloitte
Haskins & Sells

Chartered Accountants
KRB Towers, Plot No.1 to 4 & 4A
1st, 2nd & 3rd Floor
Jubilee Enclave, Madhapur
Hyderabad – 500 081
Telanagana, India

Tel : +91 40 7125 3600
Fax : +91 40 7125 3601

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
SAGAR CEMENTS LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **SAGAR CEMENTS LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter and six months ended on September 30, 2021 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. The Statement includes the results of the following entities:
   a. Sagar Cements Limited, India (Parent Company)
   b. Sagar Cements (R) Limited, India (Wholly Owned Subsidiary)
   c. Jajpur Cements Private Limited, India (Wholly Owned Subsidiary) and
   d. Satguru Cement Private Limited, India (Subsidiary)

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5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)
(UDIN: 21201193AAAAIR1942)

Place: Hyderabad
Date: October 27, 2021