SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2019-20

9th August 2019

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

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

Symbol: SAGCEM
Series: EQ

Scrip Code: 502090

Dear Sirs

Sub: Filing of annual accounts for the year ended 31st March, 2019 – under Regulation 34 (1) of the SEBI (LODR) Regulations 2015

...

We refer to our letter dated 29th June, 2019 forwarding soft copy of our Annual Report containing, inter-alia, the audited Annual Accounts for the year ended 31st March, 2019, Director's Report, Auditor's Report and Notice of the Annual General Meeting (AGM).

We wish to confirm that the audited annual accounts as contained in the above said report were later laid before our shareholders at their 38th Annual General Meeting held on 24th July, 2019 and adopted without any modification.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary

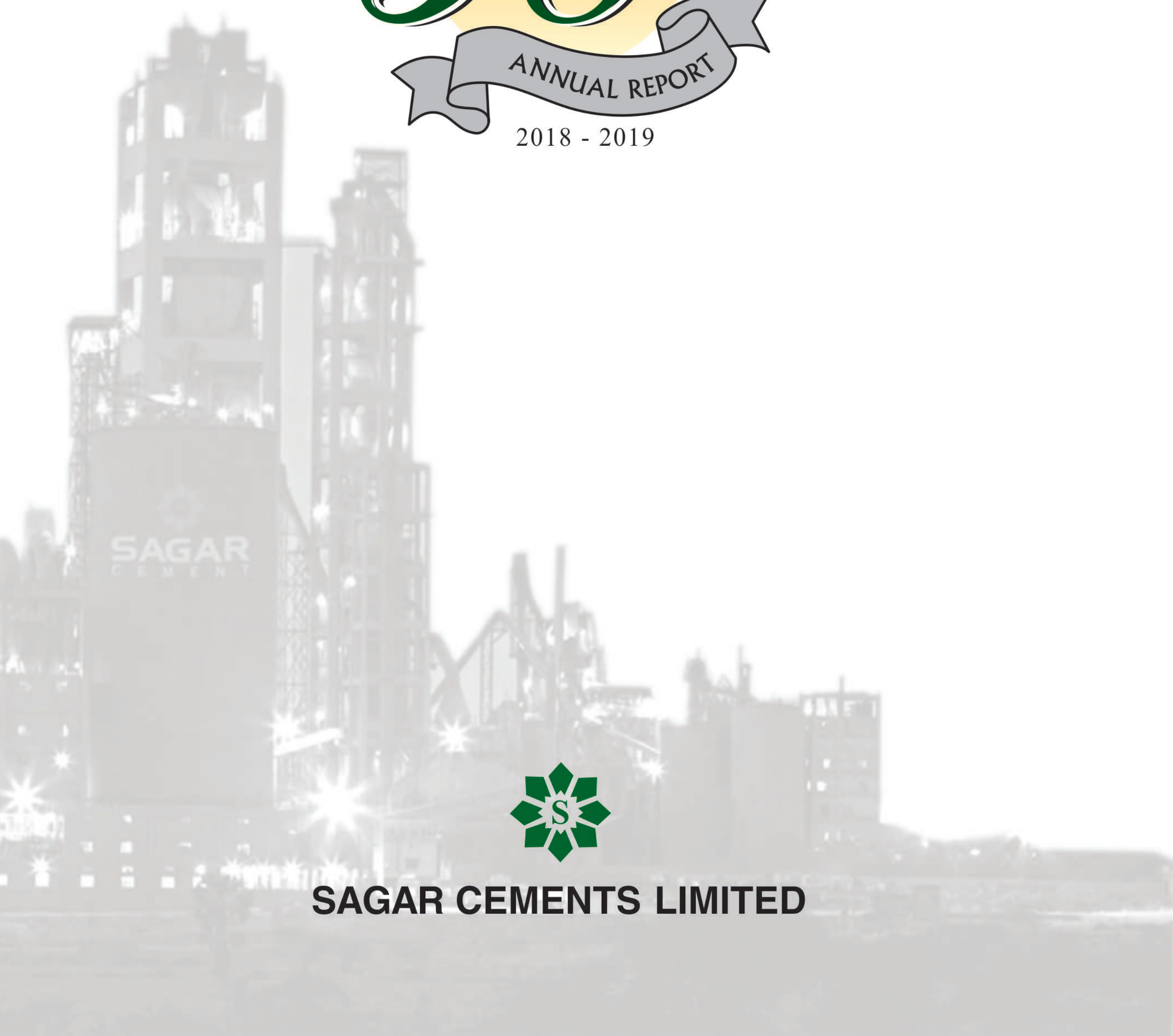
Encl.

SAGAR CEMENTS

38th

ANNUAL REPORT

2018 - 2019



SAGAR CEMENTS LIMITED

SHRI S.VEERA REDDY GARU

(1935 - 2018)

FOUNDER

THE ETERNAL GUIDING SPIRIT

INDEX

BOARD OF DIRECTORS

Shri O.Swaminatha Reddy	Chairman – Independent
Dr.S.Anand Reddy	Managing Director
Shri S.Sreekanth Reddy	Joint Managing Director
Mrs.S.Rachana	Non Executive Director
Shri K.Thanu Pillai	Independent
Shri V.H.Ramakrishnan	Independent
Shri John-Eric Fernand Pascal Cesar Bertrand	Non Executive
Shri T.Nagesh Reddy	APIDC Nominee
Shri Jens Van Nieuwenborgh	Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand (From 20.11.2018)

COMPANY SECRETARY
Shri R.Soundararajan

CHIEF FINANCIAL OFFICER
Shri K.Prasad

SENIOR MANAGEMENT TEAM

Corporate Office:

Shri K.Ganesh	Group President
Shri P.S.Prasad	President (Marketing)
Shri O.Anji Reddy	Sr.Vice President (Electrical & Instrumentation)

AUDITORS

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

COST AUDITORS

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

BANKERS

State Bank of India | Yes Bank Limited | HDFC Bank Limited

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER

L26942TG1981PLC002887

PLANTS

Cement Plants:

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

Hydel Power Units:

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

SAGAR CEMENTS LIMITED
(CIN : L26942TG1981PLC002887)

Notice is hereby given that the 38th Annual General Meeting of the Members of Sagar Cements Limited will be held on Wednesday, the 24th July 2019 at 4.00 p.m. at Hotel Golkonda, Masab Tank, Hyderabad – 500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited stand-alone and consolidated Financial Statements of the Company for the financial year ended 31st March, 2019 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution as an ordinary resolution.

   "Resolved that the audited stand-alone Financial Statements of the Company for the year ended 31st March 2019 together with the reports of the auditors and directors thereon and the audited Consolidated Financial Statements of the Company for the year ended 31st March 2019 together with the report of the auditors thereon be and are hereby received, considered, approved and adopted.

2. To declare dividend @ ₹ 2.50 per share (25%) on the equity shares of the company for the financial year ended 31st March, 2019 and in this regard to pass the following resolution as an ordinary resolution.

   "Resolved that a dividend of ₹ 2.50 per share (25%) on the 2,04,00,000 equity shares of ₹10/- each of the company be and is hereby declared for the Financial Year ended 31st March, 2019.

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

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

4. To re-appoint the retiring director, Mrs.S.Rachana (DIN: 01590516), who retires by rotation and being eligible, offers herself for re-appointment and in this regard to pass the following resolution as an ordinary resolution.

   "Resolved that Mrs.S.Rachana (DIN: 01590516) who retires by rotation in accordance with Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation."

SPECIAL BUSINESS

5. Ratification of remuneration payable to the Cost Auditors

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

   "Resolved that pursuant to Section 148(3) and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval accorded by the Board of Directors of the company for payment of remuneration of ₹ 4,00,000/- plus reimbursement of actual travel and out of pocket expenses and applicable taxes to M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad, the Cost Auditors (Firm Registration No.000042), to conduct the audit of the cost records of the company for the financial year ending March 31, 2020 be and is hereby ratified."

6. Approval of material related party transaction.

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

   "Resolved that the consent of the shareholders be and is hereby accorded under Regulation 23(4) and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the following in respect of term loan of ₹ 275 crores being availed from IndusInd Bank Limited and or other banks (" the lenders") by Satguru Cement Private Limited, a subsidiary and related party of the company:

1. To furnish a corporate guarantee to the lenders for the above said loan plus interest payable thereon.
2. To pledge 51% of the equity shares held by Sagar Cements in the said subsidiary in favour of the lenders to secure the above said loan.
3. To furnish to the said lenders a non-disposal undertaking in respect of the balance shares held by Sagar Cements in the said subsidiary.

Further Resolved that the Board of Directors be and is hereby authorized to execute necessary documents, declarations, agreements required for the above purpose.

By Order of the Board of Directors

R.Soundararajan
Company Secretary

22nd May, 2019

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

Notes:

1. The Explanatory Statement setting out material facts concerning the business under Items No.5 and 6 in the Notice is given in the Annexure-1, which forms part of this Notice.
2. The details that are required to be given under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India in respect of the persons seeking re-appointment as directors, are given in the Annexure-2.
3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the said proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the company, duly completed and signed, not less than forty eight hours before the commencement of the meeting.
4. A person can act as a proxy on behalf of members upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such proxy shall not act as a proxy for any other person or member.
5. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR Code and IFSC Code, mandates, nominations, power of attorney, change of address, change of name, email address, contact numbers etc., to their depository participant (DP). Changes intimated to and effected by the DP will then be automatically reflected in the Company's records. Similarly, Members holding their shares in physical form are requested to inform the above changes to the Company or its Registrar and Share Transfer Agents (RTA), M/s.Karvy Fintech Private Limited [(Formerly M/s.Karvy Computershare Private Limited) (Karvy)].

   The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy.
7. To promote green initiative, members are requested to register their e-mail address through their Depository Participants for sending future communications to them by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.
8. Electronic copy of the Annual Report is being sent to all the members whose e-mail IDs are registered with the Company's RTA/Depository Participants, unless such members have requested for a hard copy of the same. However,

for members, who have not yet registered their e-mail address, physical copies of the Annual Report are being sent through the permitted mode.

9. The Register of Members and Share Transfer Books of the Company will remain closed during the period from 18th July, 2019 to 24th July, 2019 (both days inclusive) for the purpose of determining members eligible for participation in voting on the resolutions contained in the Notice of AGM and for the dividend, to be declared at the AGM.

10. The un-claimed dividends for the financial year ended 31st March, 1996 onwards and up to the financial year ended 31st March, 2011 were duly transferred to the Investors Education and Protection Fund (IEPF) set up by the Government of India in accordance with the Companies Act as applicable at the time of such transfer. No claim is entertained against the IEPF or the Company for the amount so transferred.

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

    The company has already sent notices to all the Members whose Dividends are lying unclaimed against their name for seven consecutive years or more. The Company has also uploaded on its website, www.sagarcements.in, the details of such members whose shares have been transferred to IEPF Suspense Account. The shares transferred to IEPF Suspense Account including all benefits, if any, accruing on such shares, can be claimed by the members concerned from IEPF Authority, after following the procedure prescribed under the said Rules. The company has so far transferred 1,61,940 shares to IEPF as per the requirements of the IEPF Rules in respect of the said unclaimed dividend.

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

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

12. Members may note that the Annual Report for 2018-19 is also available on the Company's website ww.sagarcements.in for download.

13. **Voting through Electronic Means**

    Pursuant to Section 108 of the Companies Act, 2013, read with its relevant Rules and the Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (Remote e-voting) for all the Resolutions proposed to be passed at the AGM. The Members, whose names appear in the Register of Members/ list of Beneficial Owners as on 17th July, 2019, i.e. the date prior to the commencement of book closure date, are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 a.m. on 20th July, 2019, and will end at 5.00 p.m. on 23rd July, 2019. The Company has appointed M/s.B S S & Associates, Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the 'Scrutinizer', to scrutinize the e-voting process and voting through ballot in a fair and transparent manner. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

    PROCEDURE AND INSTRUCTIONS FOR e-VOTING

    I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Fintech Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

(A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/ Depository Participants (s)]:

i. Launch internet browser by typing the URL: https://evoting.karvy.com.

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you have forgotten it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company".

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat account.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

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

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email bssass99@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.

ii. Please follow all steps from Sl. No. (i) to (xii) above to cast vote by electronic means.

II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting or by sending their assent/ dissent through post can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting or through post are eligible to attend the Meeting; however these Members are not entitled to cast their vote again in the Meeting.

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

OTHER INSTRUCTIONS

a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact Mr.G.Ramesh Desai (Unit: Sagar Cements Limited) of Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone No. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

b. A member can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period commences on 20th July, 2019 at 9.00 a.m. (IST) and ends at 5.00 p.m. (IST) on 23rd July, 2019. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17th July, 2019, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled after the end of the e-voting period. Once the vote on a resolution(s) is cast by a Member, the Member shall not be allowed to change it subsequently.

d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 17th July, 2019.

e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 17th July, 2019, he/she may obtain the User ID and Password in the manner as mentioned below :

   i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID, Client ID to 9212993399.

      Example for NSDL:
      MYEPWD <SPACE> IN12345612345678

      Example for CDSL:
      MYEPWD <SPACE> 1402345612345678

      Example for Physical:
      MYEPWD <SPACE> XXXX1234567890

   ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID, Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID, Client ID and PAN to generate a password.

   iii. Member may call Karvy's toll free number 1800-3454-001.

   iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

   v. The results will be declared on or after the AGM. The results along with the Scrutinizer's Report, will also be placed on the website of the Company.

PROCEDURE AND INSTRUCTIONS FOR WEB CHECK-IN/ATTENDANCE REGISTRATION

1. **Web Check- in / Attendance Registration:** Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility through Karvy's website. Web Check-in on the Karvy's website enables the Members to register

attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.

Procedure of Web Check-in is as under:

a. Log on to https://karisma.karvy.com and click on "Web Checkin for General Meetings (AGM/EGM/CCM)".

b. Select the name of the company: Name of the Company.

c. Pass through the security credentials viz., DP ID/Client ID/Folio No. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.

d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.

e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.

f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.

g. After registration, a copy will be returned to the Member.

h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e., from 9.00 a.m. (IST) on 20th July, 2019 to 5.00 p.m. (IST) on 23rd July, 2019.

i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.

14. The company has appointed M/s.B S S & Associates, Practicing Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the 'Scrutinizer' to scrutinize the voting and remote e-voting process (including the Ballot Form received from the members who do not have access to the e-voting process) in a fair and transparent manner.

15. The Scrutinizer shall, immediately after the conclusion of voting at the AGM count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and not later than forty eight hours of conclusion of the AGM, submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, to the Chairman or a person authorized by him in writing, who shall countersign the same. The result declared along with the Scrutinizer's Report shall be placed immediately on the Company's website www.sagarcements.in. The Company shall simultaneously forward the results to National Stock Exchange of India Ltd., and BSE Ltd.]

16. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to einward.ris@karvy.com by mentioning his Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, M/s.B S S & Associates, Company Secretaries, Office: Parameswara Appartments, # 6-3-626, 5th Floor, 5–A, Anand Nagar, Khairatabad, Hyderabad-500004 not later than 23rd July, 2019 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.

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

18. Section 72 of the Companies Act, 2013 provides for Nomination by the shareholders of the Company and the shareholders are requested to avail this facility.

19. The route map showing directions to reach the venue of the thirty eighth AGM is annexed.

By Order of the Board of Directors

R.Soundararajan
Company Secretary

22nd May, 2019

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

Annexure to the Notice of the 38th Annual General Meeting

Annexure 1

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

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.5 and 6 of the accompanying Notice dated 22nd May, 2019.

On Item No.5

The Board, on the recommendation of its Audit Committee, has approved the appointment of M/s.Narasimha Murthy & Co., Cost Accountants as the Cost Auditors for the Financial Year 2019-20 and payment of remuneration to the said Cost Auditors as mentioned in the resolution.

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

Accordingly, an Ordinary Resolution as set out at Item No.5 of the Notice containing the remuneration approved for Cost Auditors is submitted for ratification by the members.

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

Your directors recommend the resolution for approval of the shareholders.

On Item No.6

The company has recently acquired 28,97,143 equity shares representing 65% equity stake in Satguru Cement Private Limited (SCPL), by virtue of which, it has become a subsidiary company of Sagar Cements Limited (SCL) and a related party within the meaning of Section 2 (76) of the Companies Act, 2013 read with Regulation 2 (1) (2zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The said subsidiary is in the process of setting-up of an integrated green field cement manufacturing plant of a 1 MTPA along with a captive power plant in Dhar district of Madhya Pradesh at a total cost of Rs.425.00 crores and it proposes to part fund the cost of implementing the said project by availing a term loan of Rs.275 crores from IndusInd Bank Limited.

In this connection, it is submitted that the shareholders have already accorded their approval under Section 186 of the Companies Act, 2013 for granting loan to, making investment in and for providing security for other bodies corporate upto a sum not exceeding Rs.1000 crores.

The terms and conditions for availing the said term loan by SCPL, inter-alia, (i) include furnishing of a Corporate Guarantee by SCL to the said Bank for the said term loan, (ii) pledging of 51% total shareholding held in SCPL by SCL in favour of the said Bank and (iii) furnishing of a Non-disposal Undertaking (NDU) in respect of the remaining shares held by SCL in SCPL.

Under Regulation 23(4) of the SEBI (LODR) Regulations, 2015, all material transaction with related parties require prior approval of the shareholders, unless, the related party is a wholly-owned subsidiary.

Though the proposed transaction is within the threshold limit of Rs.1000 crores approved by the shareholders as mentioned earlier, yet, the SCPL not being a wholly-owned subsidiary and the sum of Rs.275 crores for which a corporate guarantee is sought being material in nature under the said Regulation 23 (4), a Resolution as set out at Item No.6 of the Notice is submitted for approval of the members under the above said regulation.

As the proposed transaction is in respect of the loan to be availed by the subsidiary, which is a related party, all the directors and KMPs of SCL are considered as related parties to the said transaction. However, none of them or their relatives is concerned or interested, financially or otherwise in the said Resolution excepting to the extent of their shareholding, if any, in SCL.

Your directors recommend the resolution for approval of the shareholders.

By Order of the Board of Directors

Hyderabad
22nd May, 2019

R.Soundararajan
Company Secretary

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

Annexure 2

(Pursuant to Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standards - 2)

Details of Directors retiring by rotation and seeking re-appointment at the Annual General Meeting as directors liable to retire by rotation

Name of the Director	**Shri S.Sreekanth Reddy**	**Mrs.S.Rachana**
Date of birth	27.08.1971	04.08.1975
Experience in specific functional areas	Cement Technologist. Has been on the Board since 2003 as a Whole-time Director and he belongs to the promoter group. He was appointed as Joint Managing Director on 31st October, 2018 and being liable to retire by rotation, seeking re-appointment as director liable to retire by rotation.	She is a non-executive director on the Board belonging to promoter group and she draws no remuneration other than the sitting fee for attending the meetings of the Board and its committees.Currently she is an Executive Director in Panchavati Polyfibres Limited, where she is looking after its day to day operations along with its Managing Director.
Qualification	B.E. (I & P) and PG Diploma in cement technology	B.Sc.,
Date of first appointment on the Board	26.06.2003	18.03.2015
Nature of appointment	Retires by rotation and offers himself for re-appointment	Retires by rotation and offers herself for re-appointment
Terms and conditions of re-appointment	Appointment as a Director subject to retirement by rotation	Appointment as a Director subject to retirement by rotation
No. of Board Meetings attended	7 out of 7	6 out of 7
Directorships in other listed companies Companies	Sagarsoft (India) Ltd. Sagar Cements (R) Ltd.	-
Membership of Audit / Shareholders / Stakeholders Relationship Committees of other Public Limited Companies	Nil	Nil
No. of shares held in Sagar Cements Ltd.	12,38,753	11,67,183
Inter-se relationship with other Directors of the Company	Related to Dr.S.Anand Reddy, Managing Director and Mrs.S.Rachana, Director	Related to Dr.S.Anand Reddy, Managing Director and Shri S.Sreekanth Reddy, Joint Managing Director

By Order of the Board of Directors

Hyderabad
22nd May, 2019

R.Soundararajan
Company Secretary

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

DIRECTORS’ REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Dear Members

Your Directors are pleased to present their Thirty Eighth Annual Report together with the audited Stand-alone and Consolidated financial statements of the Company for the year ended 31st March, 2019.

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

Financial Results

This discussion on the financial condition and results of operations of your Company should be read in conjunction with its audited stand-alone and the consolidated financial statements containing financials of Sagar Cements Limited and its wholly-owned subsidiary, Sagar Cements (R) Limited and the notes thereto for the year ended 31st March 2019, which are summarized below:

₹ in Lakhs

Particulars	Stand-alone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Total income	**91,707**	79,461	**1,22,043**	1,08,502
Total expenses	**88,000**	71,852	**1,19,723**	1,03,935
Profit before tax	**3,707**	7,609	**2,320**	4,567
Total Tax	**1,045**	2,670	**961**	1,941
Profit after Tax	**2,662**	4,939	**1,359**	2,626
Other Comprehensive Income	**(165)**	(20)	**(186)**	(12)
Total Comprehensive Income	**2,497**	4,919	**1,173**	2,614
Basic & Diluted Earnings per share of ₹ 10 each	**13.05**	24.21	**6.66**	12.87

Higher capacity utilisation and growth in demand for cement in 2018-19 enabled your company to register a marginal increase of 15.41% and 12.48% in its revenue from its stand-alone and consolidated operations respectively.

Dividend

Dividend is recommended by your Board taking into consideration the factors like overall profitability, cash flow, capital requirements and other business needs of your company as well as the applicable regulatory requirements. With this background, your Board of Directors is pleased to recommend a dividend at ₹ 2.50 per equity share (25%) on the 20,400,000 equity shares of ₹10/- each of your company. This would result in a total outflow of ₹ 61,382,400/- including the sum of ₹ 10,382,400/-, as dividend tax.

Transfer to reserves

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

Share Capital

The paid up share capital of the company is ₹ 204,000,000/- consisting of 20,400,000 equity shares of ₹ 10/- each and there was no change in the share capital during the year under report.

Allotment of convertible warrants

Pursuant to the approval accorded by you at the Extraordinary General Meeting held on 8th January 2019, your board has allotted 31,00,000 warrants at an issue price of ₹ 730/- per warrant. Each of these warrants is convertible at the option of the warrant holders concerned into 1 equity share of ₹ 10/- each at a premium of ₹ 720 per share within a period of 18 months from the date of allotment of the said warrants. The funds being raised against the issue of the above said warrants are proposed to be utilized, inter-alia, to part fund the setting up of a fully integrated green field cement plant of 1 MTPA capacity in Madhya Pradesh and a grinding station of 1.5 MTPA capacity in Odisha, through separate entities since acquired for the purpose.

The details as required under Regulation 32(7A) of the SEBI (LODR) Regulations 2015 regarding the funds so far collected against the above said warrants and the utilization thereof have been given elsewhere in the report on corporate governance, which forms part of the Annual Report.

Industry Structure and Development

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

Cement is a high bulk and low value commodity. Competition in marketing it tends to be localized, since the cost of transportation of cement to distant markets often results in the product being uncompetitive in those distant markets.

The location of limestone reserves exclusively in some states in the country has resulted in the formation of cement clusters and Suryapet District in Telangana, where your company's Mattampally unit is located, is one of such clusters. The proximity to coal deposits is also an important factor in the setting up of cement plants.

Though the structure of Indian cement industry in India is considered to be a highly fragmented one, still 70 % of the total cement production in the country is from the top 20 players in the industry.

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

Whether it is affordable housing, roads, highways or 'smart cities', the entire industry has high hopes from the Government as far as infrastructure spending is concerned and on such hopes materializing, the industry will look up and achieve a reasonable growth rate in the current year.

Business profile

Sagar Cements Limited (SCL) is a leading manufacturer of cement of different varieties, with focus so far on the marketing opportunities available in the southern parts of the country. Sagar group, consisting of SCL and Sagar Cements (R) Limited (SCRL) have an integrated cement plants as well as an independent grinding unit and power plants as detailed below:

Company	Facility - Cement		Capacity MTPA
SCL	Manufacturing Facility at Mattampally, Suryapet Dist., Telangana		3.00
SCL	Grinding Facility at Bayyavaram, Visakhapatnam, Andhra Pradesh		1.50
SCRL	Manufacturing Facility at Gudipadu, Anantapur Dist., Andhra Pradesh		1.25
	Total Capacity		**5.75**
Company	**Facility – Power**	**Capacity MW**	**Capacity MW**
SCL	Thermal Power at Mattampally, Suryapet dist., Telangana (under implementation and expected to be commissioned by June 2019)		18.00
SCL	Waste Heat Recovery Power Plant at Mattampally, Suryapet Dist., Telangana		8.80
SCL	Solar Power at Mattampally, Suryapet Dist., Telangana		1.25
	Hydro Power at Guntur, AP	4.3	
	Hydro Power at Kurnool, AP	4.0	
			8.30
SCRL	Thermal Power at Gudipadu, Anantapur Dist., Andhra Pradesh		25.00
	Total Capacity		**61.35**

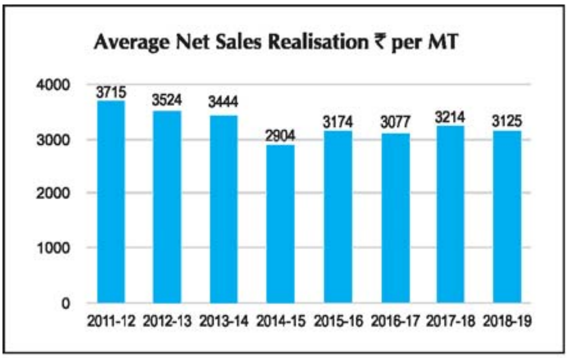
Company's stand-alone performance with reference to its operational performance:

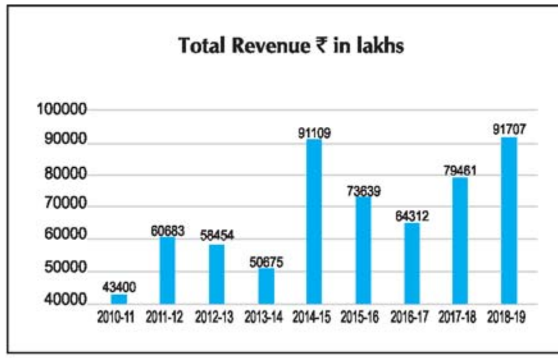
Demand for cement being a derived one, it depends on the growth of Infrastructure, construction and realty sectors, which are on the path of recovery after a slow-down witnessed a couple of years ago due to disruption caused by demonitisation and other attendant factors. Further, the anticipated revival in the demand for cement in Telangana and Andhra Pradesh is gaining momentum, easing the pressure on the pricing front to some extent. However, even as the infrastructure sector is slowly looking up, the housing segment, which is the biggest demand driver for cement is yet to reach its full potential.

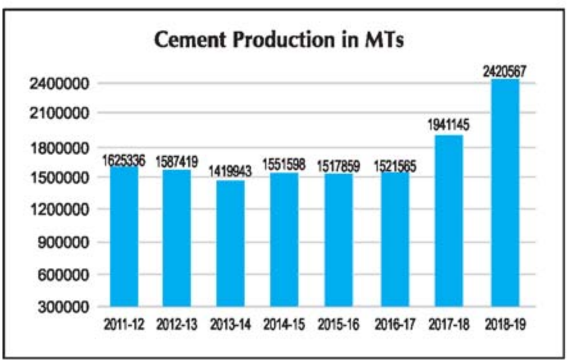
Viewed in the above background, the overall performance of your company on a stand-alone basis during the year 2018-19 in terms of production, sale, revenue and average net sales realization per ton of cement is satisfactory.

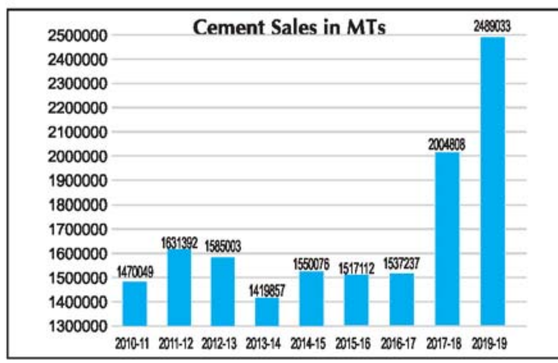
Though your company achieved an increase of 25% and 24% in the cement production and sales respectively in terms of volume over the previous year, the EBDITA dropped to 12% from 18% in the previous year, due to increase in input costs and a marginal fall in the average sales realization per ton of cement.

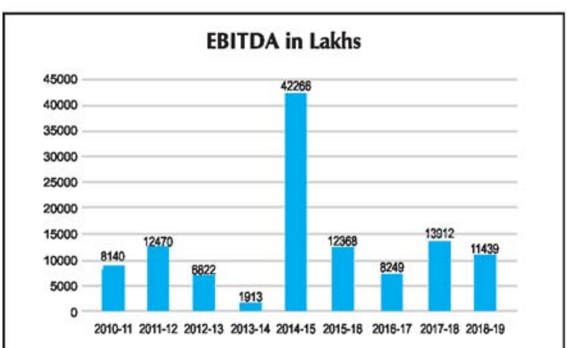
Particulars	2018-19	2017-18
Cement Production in MTs	**24,20,567**	19,41,145
Cement Sales in MTs	**24,89,033**	20,04,808
Average Net Sales Realization per MT (₹)	**3,125**	3,214
Total Revenue (₹ In lakhs)	**91,707**	79,461
EBDITA (%)	**12**	18

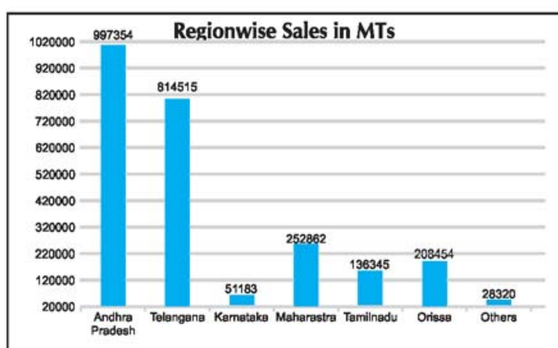












Key Ratios

S.No.	Ratio	2018-19	2017-18
1	Debtors Turnover Ratio	**13.21**	14.81
2	Inventory Turnover Ratio	**10.39**	11.04
3	Interest Coverage Ratio	**2.12**	3.56
4	Current Ratio	**0.90**	1.08
5	Debt Equity Ratio	**0.20**	0.20
6	Operating Profit Margin (%)	**13%**	17%
7	Net Profit Margin (%)	**4%**	10%
8	Return on Net Worth (%)	**4%**	9%

There was a sharp fall in the operating profit margin, net profit margin and return on net worth due to lesser average sales realisation and higher input costs as compared to the previous year coupled with the widening gap between supply and demand.

Subsidiaries, Joint Ventures and Associate Companies

In the year 2015 your company acquired the entire equity stake in BMM Cements Limited, which has since been re-named as Sagar Cements [R] Limited. This wholly-owned subsidiary has a cement plant of 1.25 Million MTs per annum capacity along with a coal based captive power plant of 25 MW capacity in Gudipadu Village in Ananthapur District, A.P.

Though this subsidiary had faced certain problems at the time of its acquisition by Sagar Cements like the said subsidiary not being able to source its lime stone requirement from its captive mine, it has since overcome these problems, consolidated its operations and its performance is now on right track. It is currently operating at around 74% capacity. Its power unit is also operating at 83% capacity. As you are aware, the cement produced by this subsidiary is sold under the brand name "SAGAR CEMENT". With this subsidiary further consolidating itself and improving upon its operations, the investments made by your company in this subsidiary will prove to be beneficial to your company in the long run.

Salient features of the financials of the above mentioned subsidiary have been given in Form AOC-1 in the Annexure 1 to this report.

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

Grinding Unit in Bayyavaram

This grinding unit, which was acquired by your company in the year 2016, has since expanded its capacity from 0.18 MTPA to 1.5 MTPA. This unit utilises the surplus clinker available at your plant in Mattampally, for grinding into slag cement to cater to the markets in South Odisha and North Coastal districts of Andhra Pradesh where, with the identification of Vishakhapatnam and Kakinada in Andhra Pradesh and Bhubaneswar in Odisha for development as 'smart cities' under the Prime Minister's 'Smart Cities Mission', the focus is more on the investments in their infrastructure sector.

Opportunities and threats:

Constraints on inputs:

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

After successfully commissioning the Waste Heat Recovery Plant at your Mattampally plant, which is presently operating at 8.8 MW capacity, your company is now setting up a coal based plant of 18 MW capacity at the said plant, which is expected to be commissioned within a couple of months.

Your Mattampally Unit is also meeting a part of its power requirement from renewable energy sources like solar power plant of 1.25 MW capacity at the said plant, and the 2 mini hydel power units of combined capacity of 8.3 MW located at the Guntur Branch Canal and in Lock-in-Sula in Kurnool District, both in Andhra Pradesh.

The above measures contribute to your company's efforts in pruning its energy cost.

Freight cost

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

Lower demand

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

In the above circumstances, though your company, which has its major markets in Telangana, Andhra Pradesh and in the border areas of the other neighboring States, wants to expand it beyond these areas, the freight cost involved in moving the material from its plants at Mattampally and Bayyavaram to these areas, discourages it to do so, as the price of the locally produced cement in such areas would tend to be much lower.

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

Impact of new entrants:

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

Segment-wise /product-wise performance:

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

Future outlook

The present low per capita cement consumption in India and the process of catching up with international averages along with rapid economic growth and increased focus on infrastructure development are expected to drive future growth in the industry.

The cement produced from your company's existing plants is presently catering to the markets in Telangana, Andhra Pradesh, Karnataka, Tamil Nadu and Maharashtra. With the expansion of your grinding unit at Bayyavaram, your company has since increased its presence in South Odisha Markets too.

However with the cement supplies in the above markets being in excess of the demand, the Demand supply Dynamics does not offer much scope for your company to increase its sales volume in these markets to any significant extent, atleast in the near future. Further as these markets are witnessing heavy competition resulting in wide fluctuations in the price impacting the margins, with a view to reducing your Company's dependence exclusively on these markets, your company is looking for opportunities to set up integrated cement plants / grinding stations in central and eastern parts of the country, where demand for cement is expected to grow relatively at a faster rate.

As you are aware, your company has recently acquired 65% equity stake in Satguru Cement Private Limited by virtue of which it has now become a subsidiary of your company. A sum of ₹ 150 crores is being invested by your company in this subsidiary in a phased manner, which will enable the said subsidiary to part fund the setting up of a Greenfield integrated cement plant of 1 MT capacity with a waste heat recovery plant of appropriate capacity in Dhar District in Madhya Pradesh at a total cost of around ₹ 425 crores.

Similarly your company has recently acquired 100% equity stake in Jajpur Cements Private Limited from its promoters for a consideration of ₹ 4.50 crores and proposes to invest a further sum of ₹ 103.50 crores in the form of equity capital, loan or similar mode. This wholly owned subsidiary of your company is in the process of setting up of a Cement Grinding Plant of 1.5 MT capacity at Jajpur in Odisha at a total cost of ₹ 308.10 crores

Barring unforeseen circumstances and subject to regulatory approvals as may be required for the purposes, both the above said plants are expected to become operational by 31st March 2021. Cement to be produced from these plants will cater to demand in the Central and Eastern parts of India.

However, till such time that the above plants become operational, your company may have to continue to face the problems like rising input and distribution costs, despite the efforts being made by your company as mentioned above to mitigate the same.

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

Risk Management System:

While your Company is subject to normal external business risks associated with any other similar companies operating within the cement industry, your Company attaches utmost importance to the assessment of internal risks and the management thereof in all its dealings. Like any other dynamic business organizations, your Company is constantly on the lookout for identifying new opportunities to enhance its enterprise value. Keeping in view the need to minimize the risks associated with such efforts, every proposal of significant nature is screened and evaluated for the risks involved in it and then approved at different levels in the organization before implementation.

With a view to overcoming the risk of dependence exclusively upon any particular marketing segment or region, your Company is trying to reach out to a wider section of its ultimate consumers and, as mentioned earlier, is looking for growth opportunities in other States, where infrastructure spending is set to get a boost.

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

Internal Control System and its adequacy:

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

Human resource development and Industrial Relations

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

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

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

Sexual Harassment

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

Awards and Recognitions

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

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

Directors Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, your board of directors, to the best of their knowledge and ability, confirm that:

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

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

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

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

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

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

Directors and Key Managerial Personnel

During the year, your company suffered an irreparable loss in the passing away of Late Shri S.Veera Reddy, Managing Director. Though it is very difficult to fill the void created by his demise, your company will continue to be guided by his philosophy, governance and ethics.

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

Shri O. Swaminatha Reddy and Shri K. Thanu Pillai will be completing their five year term as independent director on 23rd September, 2019. Similarly, Shri V.H.Ramakrishnan will be completing his term of 5 years as independent director on 29th March, 2020. Though all these three directors have crossed 75 years of age, considering their professional qualification, vast experience in their related areas, the contribution made by them to the deliberations of the Board and the benefit that will accrue to the company through their continued association with it, the shareholders have already accorded their approval under Regulation 17 (1A) of the SEBI (LODR) Regulations 2015 for these directors to continue as independent directors until the expiry of their current term.

During the year, Shri Jens Van Nieuwenborgh was appointed as an Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand with effect from 20th November, 2018.

Excepting Mrs. S.Rachana, who is a director in Panchavati Polyfibres Limited and R.V.Consulting Services Private Limited, whose transactions with the company have been reported under the related parties disclosure under notes to the accounts, none of the other non-executive directors has had any pecuniary relationship or transactions with the company, other than the receipt of sitting fee for the meetings of the Board and Committees thereof attended by them.

Independent Directors Declaration

The company has received the necessary declaration from all the Independent Directors in accordance with Section 149 (7) of the Companies Act 2013, that they meet the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as an Independent Director during the year.

Number of meetings of the board

7 meetings of the board were held during the year 2018-19. Details of these meetings as well as the meetings of its committee have been given in the corporate governance report, which forms part of the Annual Report.

Policy on directors' appointment and remuneration and other details

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

Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the board has adopted a policy for nomination, remuneration and other related matters for directors and senior management personnel. A gist of the policy is available in the Corporate Governance Report.

Board evaluation

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

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants (FR No.008072S) were appointed as Statutory Auditors of the company by the Shareholders at their 34th Annual General Meeting held on 23rd September 2015 and they will be holding their said office till the conclusion of the 39th Annual General Meeting.

Auditors' Report and Secretarial Auditors' Report

Auditors' Report

The auditors' report does not contain any qualifications, reservations or adverse remarks.

Secretarial Auditors' Report

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

Secretarial Standards

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

Cost Auditors

M/s.Narasimha Murthy & Co., Cost Accountants have been appointed as Cost Auditors of the company for the year ending 31st March 2020. A resolution seeking shareholders' ratification of the remuneration payable to the said Cost Auditors has been included in the notice of the AGM. The reports submitted by the Cost Auditors are filed with the appropriate authorities under Section 148 of the Companies Act, 2013.

Details in respect of frauds reported by Auditors under Section 143(12) other than those which are reportable to the Central Government.

There were no frauds reported by the Statutory Auditors under Sub-section 12 of Section 143 of the Companies Act, 2013 along with the Rules made there under.

Particulars of loans, guarantees and investments

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

Transactions with related parties

Information on transactions with related parties pursuant to Section 134 (3) (h) of the Act read with rule 8 (2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-3** in Form AOC-2 and the same forms part of this report.

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

During the year 2018-2019 your Company had not entered into transactions with any person or entity belonging to its promoter / promoter group, which holds 10% or more shareholding in the Company.

Corporate Social Responsibility

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

Extract of Annual Return

As required under Section 92(3) of the Act, an extract of the Annual Return for the year 2018-19 has been given in the **Annexure - 5** in the prescribed format, which forms part of this report and a copy thereof is also available on the company's website: www.sagarcements.in.

Particulars of Employees

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

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

Particulars	Ratio to Median Remuneration
Non-Executive Directors *	
Executive Directors	
Late Shri S.Veera Reddy (upto 28.9.2018)	26.71
Dr.S.Anand Reddy	51.93
Shri S.Sreekanth Reddy	47.34

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

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

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Shri O.Swaminatha Reddy, Non-Executive Chairman	These directors are not paid any remuneration, other than the sitting fee, in which there was no increase during the financial year
Shri K.Thanu Pillai, Non-Executive Director	
Shri T.Nagesh Reddy (APIDC Nominee Director)	
Shri John-Eric Fernand Pascal Cesar Bertrand, Non-Executive Director	
Shri V.H.Ramakrishnan, Non-Executive Director	
Mrs.S.Rachana, Non-Executive Director	
Late Shri S.Veera Reddy, Managing Director (upto 28.9.2018)	-54.48
Dr.S.Anand Reddy, Managing Director (From 31.10.2018)	4.97
Shri S.Sreekanth Reddy, Joint Managing Director	5.48
Shri R.Soundararajan, Company Secretary	11.34
Shri K.Prasad, Chief Financial Officer	3.77

c. The percentage increase in the median remuneration of employees in the financial year: 7.63

d. The number of permanent employees on the rolls of Company: 550

e. Percentage increase over decrease in the market quotations of the shares of the company, comparison to the rate at which the company came out with the last public offer:

Particulars	March 31, 2019	June 22, 1992	% Change
Market Price in NSE	**647.00**	Not listed	-
Market Price in BSE	**654.00**	45.00	1353.33

f. Affirmation that the remuneration is as per the remuneration policy of the Company:

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

Policy on dealing with related party transactions is available on the website of the company (www.sagarcements.in).

Whistle Blower Policy

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

Deposits from public

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

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

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

Insurance

All the properties of the Company have been adequately insured.

Pollution Control

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

Sub Committees of the Board

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

Compliance Certificate

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

Material changes and Commitments since the end of the Financial Year

Your company acquired 65% equity stake in Satguru Cement Private Limited and an 100% equity stake in Jajpur Cements Private Limited in May, 2019, and by virtue of these acquisitions, both the above companies have become subsidiaries of your company.

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

Cautionary Statement

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

Acknowledgement

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

For and on behalf of the Board of Directors

Hyderabad
22nd May 2019

O. Swaminatha Reddy
Chairman

Annexure 1

Form AOC-1

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

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

Part "A": Subsidiaries

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

Sl. No.	Particulars	Details
1.	Name of the subsidiary	SAGAR CEMENTS (R) LIMITED
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees
4.	Share Capital	10,381
5.	Reserves & surplus	(4,173)
6.	Total Assets	57,375
7.	Total Equity and Liabilities	57,375
8.	Investments	Nil
9.	Turnover	36,825
10	Loss before tax	(1,223)
11.	Provision for tax	84
12.	Loss after tax	(1,139)
13.	Proposed Dividend	Nil
14.	% of shareholding	100%

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

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

Part "B": Associates and Joint Ventures

The Company doesnot have any Associates or Joint Ventures

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

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

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

Dr.S.Anand Reddy
Managing Director

S.Sreekanth Reddy
Joint Managing Director

Place: Hyderabad
Date : 22nd May 2019

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

ANNEXURE – 2

Form No. MR-3

Secretarial Audit Report
For the Financial Year ended on 31st MARCH, 2019

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

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

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

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

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

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

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 / the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**

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

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

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

(vi) The Employees Provident Fund and Miscellaneous Provisions Act, 1952;

(vii) Employees State Insurance Act, 1948;

(viii) Employers Liability Act, 1938;

(ix) Environment Protection Act, 1986 and other environmental laws;

(x) Equal Remuneration Act, 1976;

(xi) Factories Act, 1948;

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

(xiii) Maternity Benefits Act, 1961;

(xiv) Minimum Wages Act, 1948;

(xv) Negotiable Instruments Act, 1881;

(xvi) Payment of Bonus Act, 1965;

(xvii) Payment of Gratuity Act, 1972;

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

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

i. Cement Cess Rules, 1993;

ii. Cement (Quality Control) Order, 1995;

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

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

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

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

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

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

ix. Mines Act, 1952 and Rules issued thereunder;

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

xi. The Electricity Act, 2003;

xii. National Tariff Policy;

xiii. Essential Commodities Act, 1955;

xiv. Explosives Act, 1884; and

xv. Indian Boilers Act, 1923.

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

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

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

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

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

We further report that the compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same is not within the scope of our audit.

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

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

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

We further report that during the audit period:

i. The Company has issued and allotted 31,00,000 Convertible Warrants.

and there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs.

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

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

Place: Hyderabad
Date: 10.05.2019

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

Annexure A

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

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

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

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

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

Place: Hyderabad
Date: 10.05.2019

Secretarial Compliance Report
of
Sagar Cements Ltd
for the year ended March 31, 2019

We, B S S & Associates, Company Secretaries, have examined:

(a) all the documents and records made available to us and explanation provided by Sagar Cements Ltd ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2019 ("Review Period") in respect of compliance with the provisions of:

  (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

  (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 / Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – Not applicable during the Review Period;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – Not applicable during the Review Period;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not applicable during the Review Period;

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 – Not applicable during the Review Period;

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars / guidelines issued thereunder;

And based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) During the Reporting Period, there were no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports: Not Applicable as this is the first Annual Secretarial Compliance Report.

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

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

Place: Hyderabad
Date: 10.05.2019

Annexure 3

Form No. AOC-3

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

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

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

Sagar Cements Limited has not entered into any contract or arrangement or transaction with its related parties which is not in its ordinary course of business or at arm's length during financial year 2018-19.

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

There were no material contracts or arrangements or transactions with related parties during the financial year 2018-19.

On behalf of the Board of Directors

Hyderabad
22nd May, 2019

O.Swaminatha Reddy
Chairman

Annexure 4

Annual Report on CSR Activities

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

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

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

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

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

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

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

2. The composition of the CSR Committee:

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

3. Average net Profit/(Loss) of the company for last three financial years for the purpose of computation of CSR: ₹ 5,706.33 lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above): ₹ 114.13 lakhs.

5. Details of CSR spent during the financial year:

   a. Total amount spent for the financial year: ₹ 121.59 lakhs.

   b. Amount unspent: Nil

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

(in ₹)

Sl. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads : (1) Direct Expenditure (2) Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
01	Preventive health care and promotion for safe drinking water	Preventive health care and promotion of sanitation and making available safe drinking water.	Local Areas of Nalgonda Dist, Telangana	9,87,132	9,87,132	47,81,172	Direct
02	Training and educating	Promotion of Education and infrastructure for it.	Local Areas of Nalgonda Dist, Telangana	6,89,573	6,89,573	64,45,504	Direct
03	Training and promotion of sports	Organizing sports events and sponsor of sports personnel	Local Areas of Nalgonda Dist, Telangana	25,000	25,000	23,20,006	Direct
04	Rural Development	Laying of Roads and related works	Local Areas of Nalgonda Dist, Telangana	1,04,57,711	1,04,57,711	1,87,02,279	Direct
	Total CSR Spent			**1,21,59,416**	**1,21,59,416**	**3,22,48,961**	

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

   Not applicable

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

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

Dr.S.Anand Reddy
Managing Director

K.Thanu Pillai
Chairman, Corporate Social Responsibility Committee

Hyderabad, 22nd May, 2019

Annexure 5

Form No.MGT-9

Extract of Annual Return
as on the financial year ended on March 31, 2019

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

I. Registration and other details

i.	CIN	:	L26942TG1981PLC002887
ii.	Registration Date	:	15.01.1981
iii.	Name of the Company	:	Sagar Cements Limited
iv.	Category / Sub-Category of the Company	:	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered Office and contact details	:	Plot No.111, Road No.10, Jubilee Hills Hyderabad-500 033 Tel: 91 40 23351571, Fax: 91 40 23356573 Email: soundar@sagarcements.in Website: www.sagarcements.in
vi.	Whether listed company	:	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District Hyderabad -500032 Tel: 040-67162222, Fax: 040-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001 Website: karvyfintech.com

II. Principal Business Activities of the Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

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

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

(i) Category-wise Shareholding

	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares at the end of the year				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	**Shareholding of Promoter and Promoter Group[2]**									
1	**Indian**									
(a)	Individuals/ Hindu Undivided Family	9001866	0	9001866	44.13	9007769	0	9007769	44.15	0.03
(b)	Central Government/ State Government(s)									
(c)	Bodies Corporate	1204785	0	1204785	5.91	1205382	0	1205382	5.91	0
(d)	Financial Institutions/ Banks									
(e)	Any Others(Specify)									
	Sub Total(A)(1)	**10206651**	**0**	**10206651**	**50.04**	**10213151**	**0**	**10213151**	**50.06**	**0.03**
2	**Foreign**									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)									
(b)	Bodies Corporate									
(c)	Institutions									
(d)	Qualified Foreign Investor									
(e)	Any Others(Specify)									
	Sub Total(A)(2)									
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**10206651**	**0**	**10206651**	**50.04**	**10213151**	**0**	**10213151**	**50.06**	**0.03**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	2598532	1400	2599932	12.74	2532148	1200	2533348	12.42	-0.32
(b)	Financial Institutions / Banks	3735	3850	7585	0.04	2436	3850	6286	0.03	-0.01
(c)	Central Government / State Government(s)									
(d)	Venture Capital Funds									
(e)	Insurance Companies	320741	0	320741	1.57	324241	0	324241	1.59	0.02
(f)	Foreign Institutional Investors / FPIs	728893	0	728893	3.57	707424	0	707424	3.47	-0.10
(g)	Foreign Venture Capital Funds									

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

(i) Category-wise Shareholding

	Category of Shareholder	Demat	No. of shares held at the beginning of the year			Demat	No. of shares at the end of the year			% of during the year
			Physical	Total	% of total shares		Physical	Total	% of total shares	
(h)	Qualified Foreign Investors									
(i)	Any Other (specify) (Trust)									
	Sub-Total (B)(1)	**3651901**	**5250**	**3657151**	**17.92**	**3566249**	**5050**	**3571299**	**17.51**	**-0.41**
2	Central Governments/State Governments/ President of India	0	0	0	0	0	0	0	0	0
	Sub-Total (B) (2)	0	0	0	0	0	0	0	0	0
3	**Non-institutions**									
(a)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	980594	290403	1270997	6.23	1027693	231825	1259518	6.17	-0.06
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	285735	0	285735	1.40	256715	0	256715	1.26	-0.14
(b)	NBFCs registered with RBI	9260	0	9260	0.05	200	0	200	0.00	-0.05
(c)	Employee Trusts	0	0	0	0	0	0	0	0	0
(d)	Overseas Depositories (Holding DRs) (Balancing figure)	0	0	0	0	0	0	0	0	0
(e)	Any Other									
	Alternative Investment Fund	0	0	0	0	4500	0	4500	0.02	0.02
	Trusts	4500	0	4500	0.02	0	0	0	0.00	-0.02
	NRIs	91328	0	91328	0.45	110935	0	110935	0.54	0.09
	Clearing Members	3563	0	3563	0.02	6056	0	6056	0.03	0.01
	Bodies Corporates	4718380	3101	4721481	23.14	4812585	3101	4815686	23.61	0.47
	IEPF	149334	0	149334	0.73	161940	0	161940	0.79	0.06
	Sub-Total (B)(3)	**6242694**	**293504**	**6536198**	**32.04**	**6380624**	**234926**	**6615550**	**32.42**	**0.38**
(B)	**Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)**	**9894595**	**298754**	**10193349**	**49.96**	**9946873**	**239976**	**10186849**	**49.93**	**0.01**
	TOTAL (A)+(B)	**20101246**	**298754**	**20400000**	**100.00**	**20160024**	**239976**	**20400000**	**100.00**	
(C)	**Shares held by Custodians for GDRs & ADRs**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
	GRAND TOTAL (A)+(B)+(C)	**20101246**	**298754**	**20400000**	**100.00**	**20160024**	**239976**	**20400000**	**100.00**	

(ii) **Shareholding of promoters**

Sl. No.	Shadeholder's name	Shareholding at the beginning of the year (01-04-2018)			Shareholding at the end of the year (31-03-2019)			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encum-bered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged/ encum-bered to total shares	
1	Late S VEERA REDDY	1643795	8.06	Nil	1643795	8.06	Nil	
2	S ARUNA	1369545	6.71	Nil	1369545	6.71	Nil	
3	S RACHANA	1164280	5.71	Nil	1167183	5.72	Nil	0.01
4	S ANAND REDDY	1303524	6.39	Nil	1306524	6.40	Nil	0.01
5	SREEKANTH REDDY SAMMIDI	1238753	6.07	Nil	1238753	6.07	Nil	
6	S VANAJATHA	990769	4.86	Nil	990769	4.86	Nil	
7	W MALATHI	755400	3.70	Nil	755400	3.70	7.40	
8	N MADHAVI	533800	2.62	Nil	533800	2.62	Nil	
9	P V NARSIMHA REDDY	2000	0.01	Nil	2000	0.01	Nil	
10	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION LTD	313285	1.54	Nil	313285	1.54	Nil	
11	PANCHAVATI POLYFIBRES LTD	31500	0.15	Nil	31500	0.15	Nil	
12	SAGAR PRIYA HOUSING & INDUSTRIAL ENTERPRISES LTD	860000	4.22	Nil	860000	4.22	Nil	
13	RV CONSULTING SERVICES PVT.LTD.	0	0.00	Nil	597	0.00	Nil	
	TOTAL	**10206651**	**50.04**	**Nil**	**10213151**	**50.06**	**Nil**	**0.02**

(iii) **Change in Promoters' Shareholding**

Sl. No.	Description	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
	At the beginning of the year	10206651	50.04	10206651	50.04
	Acquired during the year				
	Acquired *	6500	0.02	10213151	50.06
	Sold *				
	At the end of the year			10213151	50.06

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

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

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2018 *		Shareholding at the end of the year 31-03-2019 **	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	AVH Resources India Private Limited	3583704	17.57	3583704	17.57
2	HDFC Trustee Company Limited - HDFC Prudence Fund	1416000	6.94	1306000	6.40
3	IDFC Dynamic Equity Fund/ Classic Equity Fund	894584	4.39	1001533	4.91
4	Twinvest Financial Services Limited	813327	3.99	813327	3.99
5	Kitara India Micro Cap Growth Fund	375000	1.84	347349	1.70
6	ICG Q Limited	330000	1.62	330000	1.62
7	Bajaj Allianz Life Insurance Company Ltd.	320741	1.57	324241	1.59
8	Vanaja Sundar Iyer	200000	0.98	200000	0.98
9	IEPF	149334	0.73	161940	0.79
10	SBI Magnum Comma Fund/ SBI Infrastructure Fund	173919	0.85	146381	0.72

* In the list of top 10 as on 1-4-2018;

** In the list of top 10 as on 31-03-2019

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

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Date	Reason	Shareholding at the beginning of the year 01-04-2018 *		Shareholding at the end of the year 31-03-2019**	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Directors						
1	Shri O.Swaminatha Reddy	01/04/2018	At the beginning of the year	Nil	Nil		
		31/03/2019	At the end of the year			Nil	Nil
2	S Rachana	01/04/2018	At the beginning of the year	1164280	5.71		
		31/03/2019	At the end of the year			1167183	5.72
3	S Anand Reddy	01/04/2018	At the beginning of the year	1303524	6.39		
		31/03/2019	At the end of the year			1306524	6.40
4	Sreekanth Reddy Sammidi	01/04/2018	At the beginning of the year	1238753	6.07		
		31/03/2019	At the end of the year			1238753	6.07
5	Shri K.Thanu Pillai	01/04/2018	At the beginning of the year	Nil	Nil		
		31/03/2019	At the end of the year			Nil	Nil
6	Shri V.H.Ramakrishnan	01/04/2018	At the beginning of the year	Nil	Nil		
		31/03/2019	At the end of the year			Nil	Nil

7	Shri John-Eric Fernand	01/04/2018	At the beginning of the year	Nil	Nil		
	Pascal Cesar Bertrand	31/03/2019	At the end of the year			Nil	Nil
8	Shri T.Nagesh Reddy	01/04/2018	At the beginning of the year	Nil	Nil		
		31/03/2019	At the end of the year			Nil	Nil
9	Shri Jens Van	-	At the beginning of the year	-	-		
	Nieuwenborgh (w.e.f. 20.11.2018) (Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand)	31/03/2019	At the end of the year			Nil	Nil
	Key Managerial Personnel						
1	Shri R.Soundararajan,	01/04/2018	At the beginning of the year	10	0		
	Company Secretary	31/03/2019	At the end of the year			10	0
2	Shri K.Prasad,	01/04/2018	At the beginning of the year	Nil	Nil		
	Chief Financial Officer	31/03/2019	At the end of the year			Nil	Nil

V. INDEBTEDNESS

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

		Particulars	Secured Loans excluding deposits (Note1)	Unsecured Loans	Deposits (Note2)	Total Indebtedness
1	Indebtedness at the beginning of the year					
	i	Principal Amount	26,147.00	-	4,270.00	30,417.00
	ii	Interest due but not paid	-	-	-	-
	iii	Interest accrued but not due	98.00	-	-	98.00
		Total (i+ii+iii)	**26,245.00**	**-**	**4,270.00**	**30,515.00**
		Change in the indebtedness during the financial year				
		Addition	5,165.00	-		5,165.00
		Reduction	2,933.00	-	-	2,933.00
		Net Change	2,232.00	-	-	2,232.00
		Indebtedness at the end of the year				
	i	Principal Amount	28,379.00	-	3,944.00	32,323.00
	ii	Interest due but not paid	-	-	-	-
	iii	Interest accrued but not due	247.00	-	-	247.00
		Total (i+ii+iii)	**28,626.00**	**-**	**3,944.00**	**32,570.00**

Note: 1. These liability represents obligations under finance lease including current portion of obligations.

2. These are deposits received from vendors for contracts to be executed.

VI. Remuneration of Directors and Key Managerial Personnel

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

(in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Late Shri S.Veera Reddy (M.D upto 28.9.2018)	Dr.S.Anand Reddy (M.D)	Shri S.Sreekanth Reddy (J.M.D)	
1	**Gross Salary** (a) Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	84,00,000	1,61,22,581	1,40,22,581	3,85,45,162
	(b) Value of perquisites u/s.17 (2) of Income-Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17 (3) of Income-Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	38,00,000	76,00,000	76,00,000	1,90,00,000
	- as % of profit	-	-	-	-
	- Others, specify (arrears relating to previous year)	-	-	-	-
5	Total (A)	1,22,00,000	2,37,22,581	2,16,22,581	5,75,45,162
	Ceiling as per the Act (As minimum remuneration)				

B. Remuneration to other Directors

(in ₹)

Sl. No.	Particulars of Remuneration	Name of the Director				Total Amount
		Shri O. Swaminatha Reddy	Shri K. Thanu Pillai	Shri.V.H. Ramakrishnan		
1	**Independent directors**					
	- Fee for attending board/ committee meetings	3,40,000	3,60,000	3,20,000		10,20,000
	Total (1)	**3,40,000**	**3,60,000**	**3,20,000**		**10,20,000**
2	**Other Non-Executive Directors**	**Name of the Director** **Shri T.Nagesh Reddy (APIDC's Nominee) ***	**Shri John Eric Fernanad Pascal Cesar Bertrand**	**Smt.S. Rachana**	**Shri Van Nieuwenborgh Jens (Alternate Director to Shri John Eric Fernanad Pascal Cesar Bertrand)**	**Total Amount**
	- Fee for attending board/ committee meetings	140,000	40,000	2,00,000	20,000	4,00,000
	Total (2)	**1,40,000**	**40,000**	**1,20,000**	**20,000**	**4,00,000**
	Total (B) = (1+2')					**14,20,000**
	Total Managerial Remuneration (A + B)					**5,89,65,162**
	Overall Ceiling as per the Act					

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

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD (in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri R Soundararajan	Shri K.Prasad	
1	**Gross Salary** a. Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	30,63,768	35,95,116	66,58,884
	b. Value of perquisites u/s.17 (2) of Income-Tax Act, 1961			
	c. Profits in lieu of salary under Section 17 (3) of Income-Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission - As % of profit - Others, specify			
5	Others, Allowances			
	Total	**30,63,768**	**35,95,116**	**66,58,884**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

Annexure - 6

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

Name of the Employee	Late Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy
Designation	Managing Director (Upto 28.9.2018)	Managing Director (w.e.f 31.10.2018)	Joint Managing Director (w.e.f. 31.10.2018)
Age	83 years	55 years	47 years
Remuneration received (₹)	84,00,000	1,61,22,581	1,40,22,581
Commission received (₹)	38,00,000	76,00,000	76,00,000
Nature of employment	Contractual	Contractual	Contractual
Nature of duties	General Management	General Management	General Management
Qualification	-	M.B.B.S.	B.E. (I & P) P.G. Dip. in Cement Technology
Experience (Years)	58	26	23
Date of Commencement of Employment	13.07.1991	21.11.1992	26.6.2003
Last Employment held	Nil	Nil	Nil

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

Annexure 7

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

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

Conservation of Energy and Technology Absorption

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

1. Replacement of single phase transformer with three phase transformers for ESP to reduce the emission levels from 50 mgm/NM3 to 30 mgm/NM^3 Coal Mill and Cement Mill filter bags have been replaced with Membrane bags to reduce emission levels from 50 mgm/NM^3 to 30 mgm/NM^3.

Optimization of Plant Capacity

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

The following initiatives have been taken.

1. Optimization of Cement Production by connecting the VRPM circuit to Cement Mill No.1
2. Commission of Paver No.5
3. Commissioning of coal handling system
4. Enhancement of WHR power plant from 6 MW to 8.8 MW
5. Commission of 18 MW coal based power plant
6. Installation of Hurriclone in front of cooler boiler to enhance the output

Research and Development

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

Foreign Exchange earnings and Outgo

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

(₹ in Lakhs)

S.No	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
1	Outgo	**7772.46**	1720.19
2	Inflow	**Nil**	Nil

Corporate Governance Report for the year 2018-19

Pursuant to Schedule V read with Regulation 34 of the SEBI (LODR) Regulations, 2015

1. Company's philosophy on code of governance:

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

2. Board of Directors:

Composition:

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

i. As on March 31, 2019, the Company had nine Directors, as detailed below:

Sl No.	Name of the Director	Category of Directorship	Names of the other Listed Entities where the person is a director and the category of such directorship	
			Company	Category
1	Shri O.Swaminatha Reddy	Chairman and Independent Director	1. The KCP Ltd. 2. Transport Corporation of India Ltd. 3. Bhagyanagar India Ltd. 4. Surana Solar Ltd. 5. TCI Developers Ltd.	Independent Director
2	Dr.S.Anand Reddy	Managing Director	-	-
3	Shri S.Sreekanth Reddy	Joint Managing Director	1. Sagarsoft (India) Ltd.	Chairman – Non-independent
4	Mrs.S.Rachana	Non-Executive Director	-	-
5	Shri K.Thanu Pillai	Independent Director	1. Sathavahana Ispat Ltd.	Independent Director
6	Shri V.H.Ramakrishnan	Independent Director	1. The KCP Ltd.	Independent Director
7	Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive Director	-	-
8	Shri T.Nagesh Reddy	Nominee Director of APIDC, (Equity Investor)	-	-
9	Shri Jens Van Nieuwenborgh	Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand	-	-

ii. As on March 31, 2019, none of the Directors on the Board held directorships in more than eight listed companies and independent directorships in more than seven listed companies and none of them was a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she was a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2019 have been made by the Directors.

Among the directors, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy are brothers and Smt.S.Rachana is wife of Shri S.Sreekanth Reddy.

iii. All the Independent Directors are non-executive directors in accordance with Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The current tenure of the independent directors is for 5 years. The Independent Directors have conrmed that they meet with the criteria mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

iv. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2019 are given hereunder. Other directorships do not include their directorships if any in private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Audit Committee and Stakeholders' Relationship Committee are alone considered for the purpose.

Name of the Director	Category	Number of board meetings during the year 2018-19		Whether attended last AGM held on 27.9.2018	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Shri O.Swaminatha Reddy	Chairman and Independent Director	7	7	Yes	2	5	4	2
Late Shri S.Veera Reddy	Managing Director (up to 28.9.18) – (Promoter Group)	3	-	No	-	5	1	-
Dr.S.Anand Reddy	Managing Director (Promoter Group)	7	7	Yes	-	4	-	-
Shri S.Sreekanth Reddy	Joint Managing Director (Promoter Group)	7	7	Yes	1	3	-	-
Mrs. S.Rachana	Non-Executive (Promoter Group)	7	6	Yes	-	1	-	-
Shri K.Thanu Pillai	Independent and Non-Executive, Director	7	7	Yes	-	7	-	1
Shri V.H. Ramakrishnan	Independent and Non-Executive, Director	7	7	Yes	-	2	-	3
Shri T.Nagesh Reddy	Nominee Director of APIDC, (Equity Investor)	7	7	Yes	-	-	-	-
Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive	7	2	No	-	-	-	-
Jens Van Nieuwenborgh (Effective from 20.11.18)	Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand	3	1	No	-	-	-	-

v. The Board held seven meetings during the year under report and the gap between any of such two consecutive meetings did not exceed one hundred and twenty days. The dates of these meetings are:

29.05.2018, 19.07.2018, 27.09.2018, 29.10.2018, 5.12.2018, 24.01.2019 and 30.01.2019.

vi. During the year under report, all the information as applicable and falling under Part A of the Schedule II of SEBI Listing Regulations, were placed before the Board for its consideration.

vii. The terms and conditions of appointment of the Independent Directors are available on the website of the Company.

viii. During the year, the Independent Directors held their separate meeting on 30.01.2019.

ix. The Board periodically reviews the reports furnished to it by the company on compliance with laws applicable to the Company.

x. The details of the familiarization programme of the Independent Directors are available on the website of the Company (www.sagarcements.in).

xi. Skill, competence and expertise of the Board of Directors identified by the Board for its effective functioning:

The company's present Board is a skill-based one, comprising of Directors who collectively have the skills directly relevant to performing the function as a member of the Board, Skills relevant to the cement industry and the personal attributes or qualities that are considered desirable to be an effective Director like, integrity (ethics), effective communicator, constructive questioner, contributor and team player, commitment and leadership skills.

xii. Details of equity shares of the Company held by the Directors as on March 31, 2019 are given below:

Name	Category	Number of equity shares
Dr.S.Anand Reddy	Managing Director – Promoter Group	13,06,524
Shri S.Sreekanth Reddy	Joint Managing Director – Promoter Group	12,38,753
Mrs.S.Rachana	Non-Executive, Promoter Group	11,67,183

During the year, the Company had issued 31,00,000 warrants of ₹ 730/- each to the entities belonging to the promoter group and others. Each such warrant is convertible into one equity share of ₹ 10/- each, at a premium of ₹ 720/- per share. None of the Non-Executive Directors other than the one mentioned above was holding any shares in the company as on March 31, 2019.

3. Audit Committee:

i. The composition of the audit committee of the Board is in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.

ii. The terms of reference of the audit committee is as per Part C of the Schedule II of the SEBI Listing Regulations and include:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by them;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement for inclusion in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
  - Changes, if any, in the accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Signicant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in the draft audit report.

- Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modications of transactions with related parties;
- Scrutiny of inter-corporate loans and investments;
- Evaluation of internal financial controls;
- Establishment of vigil mechanism for directors and employees to report genuine concerns;
- Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of quarterly and annual financial statements before their submission to the Board and discussions on any related issues with the internal and statutory auditors and the management of the Company;
- Review of the information required to be carried out mandatorily or otherwise as per SEBI Listing Regulations;

iii. The audit committee invites to its meetings such of the executives, as it considers appropriate (particularly the head of the finance function). Representatives of the statutory auditors and internal auditors are also present at such meetings. The Company Secretary acts as the Secretary to the Committee.

iv. Shri R.Soundararajan, Company Secretary, has been appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code.

v. The previous Annual General Meeting ("AGM") of the Company was held on September 27, 2018 and the Chairman of the audit committee was present at the said meeting.

vi. The composition of the Audit Committee as on March 31, 2019 and the details of attendance at its meetings during the year 2018-19 are given below:

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Shri O.Swaminatha Reddy, Chairman	Independent Director	4	4
Shri K.Thanu Pillai,	Independent Director	4	4
Shri V.H.Ramakrishnan	Independent Director	4	4

vii. The Audit committee met 4 times during the year 2018-19 and the dates of such meeting are:

29.05.2018, 19.07.2018, 29.10.2018 and 30.01.2019.

4. Nomination and Remuneration Committee:

i. Composition of the Nomination and Remuneration Committee (NRC) of the Board is in line with the Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

ii. The terms of reference of the NRC are available on the company's website www.sagarcements.in as part of the Nomination and Remuneration Policy adopted by the company.

Nomination and Remuneration policy:

The Policy on Nomination and Remuneration adopted by the company is aimed at attracting, retaining, developing and motivating workforce. Individual performance is assessed and rewarded through an annual appraisal process. Details of this policy are available on the company's web site, www.sagarcements.in.

iii. The details of the composition of the Nomination and Remuneration Committee as on March 31, 2019, the attendance at its meetings during the year 2018-19, are given below:

Name of the Member	Category of Directors	Number of meetings during the financial year 2018-19	
		Held	Attended
Shri K.Thanu Pillai, Chairman	Independent Director	3	3
Shri O.Swaminatha Reddy	Independent Director	3	3
Shri V.H.Ramakrishnan (w.e.f. 29.5.2018)	Independent Director	3	2
Smt S.Rachana	Non-Executive Director	3	3

The NRC had met 3 times during the year 2018-19 and the dates of these meeting are:

29.05.2018, 27.09.2018 and 29.10.2018

iv. The Company presently does not have any Employee Stock Option Scheme.

v. Performance Evaluation Criteria / Policy for Directors:

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

5. Remuneration of Directors

Remuneration to Non-Executive Directors:

Non-Executive Directors are not paid any remuneration other than the sitting fee of ₹ 20,000/- for each meeting of the Board and Committees thereof attended by them. Sitting fees payable to the nominee director are paid directly to the institution he represents.

Details of sitting fees paid to the non-executive directors during the year 2018-19 are given below:

Sl.No.	Name of the Director	Sitting Fee (In ₹)
1	Shri O.Swaminatha Reddy	3,40,000
2	Shri K.Thanu Pillai	3,60,000
3	Shri.V.H.Ramakrishnan	3,20,000
4	Shri T.Nagesh Reddy (APIDC Nominee)	1,40,000
5	Shri John-Eric Fernand Pascal Cesar Bertrand	40,000
6	Smt.S.Rachana	2,00,000
7	Shri Jens Van Nieuwenborgh	20,000
	Total	**14,20,000**

Remuneration to the Managing Director and other Whole time Directors:

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

The whole-time directors were paid the following remuneration for the year 2018-19. (₹ in Lakhs)

Description	Late Shri S.Veera Reddy, MD (up to 28.9.2018)	Dr.S.Anand Reddy (MD)	Shri S.Sreekanth Reddy(JMD)
Salary	48	92	80
Perks (75% of the salary)	36	69	60
Total	84	161	140
Commission	38	76	76
Total	**122**	**237**	**216**

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

Services of the Whole-time Directors with the company may be terminated by either party, giving the other party six months' notice. No **severance** fee is contemplated. The company has not issued any stock options to any one.

6. Stakeholders' Relationship Committee

i. The stakeholders' relationship committee is in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.

ii. The broad terms of reference of the stakeholders' relationship committee are as under:

- Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend/notice/ annual reports, and other related matters.
- Consider and approve issue of share certicates (including issue of renewed or duplicate share certicates), transfer and transmission of securities, etc.

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

The Stakeholders Relationship Committee of the Board constituted in accordance with SEBI Listing Regulations had the following directors as its members as on March 31st, 2019:

Name of the Member	Category of the Director
Shri T.Nagesh Reddy, Chairman	Nominee/Non-Executive Director
Dr.S.Anand Reddy, Member	Managing Director
Shri K.Thanu Pillai, Member (w.e.f.29.10.18)	Independent Director

Shri R.Soundararajan, Company Secretary, is the compliance officer for the above purpose. Based on the information obtained from the Company's Registrars, the Company had received 50 complaints from the investors during the year 2018-19 as detailed below and all these complaints, being routine in nature, were redressed in the normal course by the Registrars themselves. There were no complaints pending as on March 31, 2019. In view of these and also of the fact that all requests for transfer of shares held in physical forms were swiftly approved by the officials of the Company in terms of the authorization given to them by the Board, the need for physically convening a meeting of the Committee was not felt during the year 2018-19.

Sl.No	Particulars	Opening	Received	Resolved	Pending
1	Non-receipt of shares after transfer / transmission	0	2	2	0
2	Non-receipt of dividend warrants	0	33	33	0
3	Non-receipt of Annual Report	0	0	0	0
4	Non-receipt of Securities	0	11	11	0
5	Non-receipt of duplicate / transmission / deletion of share certificates	0	1	1	0
6	SEBI/BSE/NSE/CSE complaints	0	3	3	0
	Total	**0**	**50**	**50**	**0**

iv. Name, designation and address of Compliance Officer:

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

Other Committees

Investment Committee

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

Name	Category
Shri O.Swaminatha Reddy	Chairman
Late Shri S.Veera Reddy (up to 28.9.2018)	Member
Shri K.Thanu Pillai	Member
Dr.S.Anand Reddy (from 29.10.2018)	Member

This Committee met on 26.11.2018 during the year 2018-19 to consider and approve fund raising proposals for investments in Satguru Cement Private Limited and in Jajpur Cements Private Limited.

Securities Allotment Committee

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

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Shri O.Swaminatha Reddy	Chairman	1	1
Shri K.Thanu Pillai	Member	1	1
Shri.V.H.Ramakrishnan	Member	1	1

The Committee met on 16.1.2019 during the year 2018-19 to fix issue price of the convertible warrants to be issued in accordance with the approval earlier given by the shareholders.

Corporate Social Responsibility Committee

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

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

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

   During the year, one meeting of the CSR Committee was held on 30.01.2019.

   The composition of the CSR Committee and details of the attendance at the meeting is given below:

Name of the Member	Category	Number of Meetings held during the financial year 2018-19	
		Held	Attended
Shri K.Thanu Pillai, Director	Chairman	1	1
Dr.S.Anand Reddy, Managing Director	Member	1	1
Shri S.Sreekanth Reddy, Joint Managing Director	Member	1	1
Mrs.S.Rachana, Non-Executive Director	Member	1	1

7. General Body Meetings:

i. General Meeting

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

AGM	Date	Time	Venue
37th AGM	27th September, 2018	4.00 p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
36th AGM	22nd September, 2017	4.00 p.m.	
35th AGM	28th September, 2016	4.00. p.m.	

Following are the details of Special Resolutions passed in the above said Annual General Meetings:

At the 37th AGM, one special resolution was passed for approving the amendment to the Memorandum of Association of the Company for inserting the following sub-clause after its then existing Sub-clause 7 of Clause III (A):

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

No Special Resolutions were passed at the 36th Annual General Meeting.

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

No Special resolution was passed in 2018-19 through Postal Ballot.

The Company held an Extra-ordinary General Meeting on January 8, 2019 at Hotel Golkonda, Masab Tank, Hyderabad-500 028 at 11.30 a.m. whereat special resolutions were passed for the following purposes.

Sl.No.	Purpose
1	Increase in the Authorised Share Capital to ₹ 23,50,00,000/-
2	Amendment to the Memorandum of Association consequent to the above increase in the Authorized Share Capital
3	Amendment to the Articles of Association consequent to the above increase in the Authorized Share Capital
4	Issue of Convertible Warrants on a preferential basis
5	Approval of appointment of and payment of remuneration to Dr.S.Anand Reddy as Managing Director of the company
6	Approval of appointment of and payment of remuneration to Shri S.Sreekanth Reddy as Joint Managing Director of the company.
7	Approval under Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for continuation of office by Shri O.Swaminatha Reddy as Independent Director.
8	Approval under Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for continuation of office by Shri K.Thanu Pillai as Independent Director.
9	Approval under Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for continuation of office by Shri V.H.Ramakrishnan as Independent Director.

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

8. Means of communication

Quarterly results:

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

Newspapers in which the results were published:

Details of newspapers in which quarterly results relating to the Financial Year 2018-19 were published are given below:

Quarter ended	Date of Publication	Name of the newspapers carrying the publication
June 30, 2018	July 31, 2018	Financial Express and Andhra Prabha
September 30, 2018	October 30, 2018	"
December 31, 2018	January 31, 2019	"
March 31, 2019	May 24, 2019	"

Website where displayed:

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

Press Release

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

Presentation made to Institutional Investors and Financial Analysts:

Excepting on occasions when the Company had to respond in a general way to the queries now and then received from investors / analysts regarding the affairs of the company, there were no specific presentations made to any of them during the year 2018-19. Copies of the press-release, as and when issued by the Company, mostly after submission of financial results to the Stock Exchanges, are simultaneously made available to the Stock Exchanges and the transcription of conference call held with the analysts / investors following the declaration of financial results are also put up on the company's website.

Management Discussion and Analysis Report

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

Subsidiary companies

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

9. General Shareholder information:

a. **Annual General Meeting:**

   Date & Time : **4.00 p.m. on Wednesday, the 24th July, 2019**

   Venue : **Hotel Golkonda, Masab Tank, Hyderabad - 500 028.**

b. **Financial Year** : April 01, 2018 to March 31, 2019

c. **Book Closure Dates** : From 18.07.2019 to 24.07.2019 (both days inclusive)

d. **Dividend payment date** :

   The Board has since recommended a dividend @ 25% i.e.,₹ 2.50 per share subject to its declaration by the members at the Annual General Meeting, which will be paid to the Shareholders within 30 days of the said declaration.

e. Listing on Stock Exchanges:

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

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

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

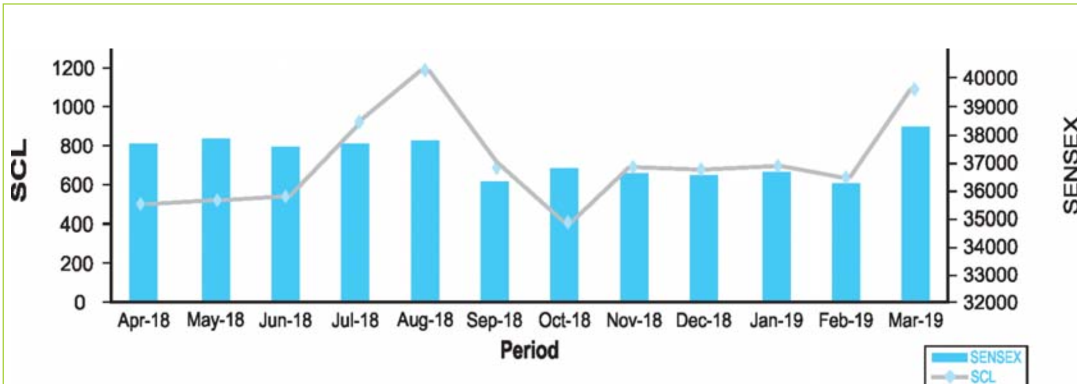
Name of the Stock Exchange	Scrip Code
National Stock Exchange of India Limited, "Exchange Plaza", 5th Floor, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051	SAGCEM
BSE Limited, P J Towers, Dalal Street, Mumbai – 400 001	502090
ISIN	INE229C01013

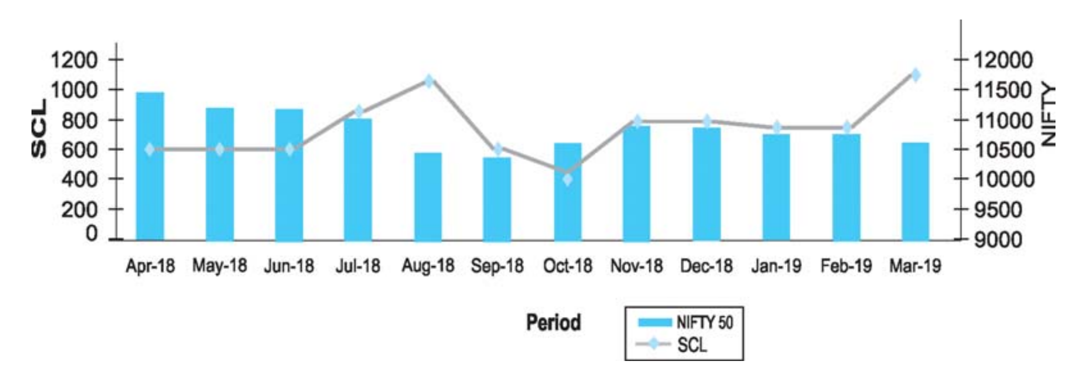
g. Market price details:

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

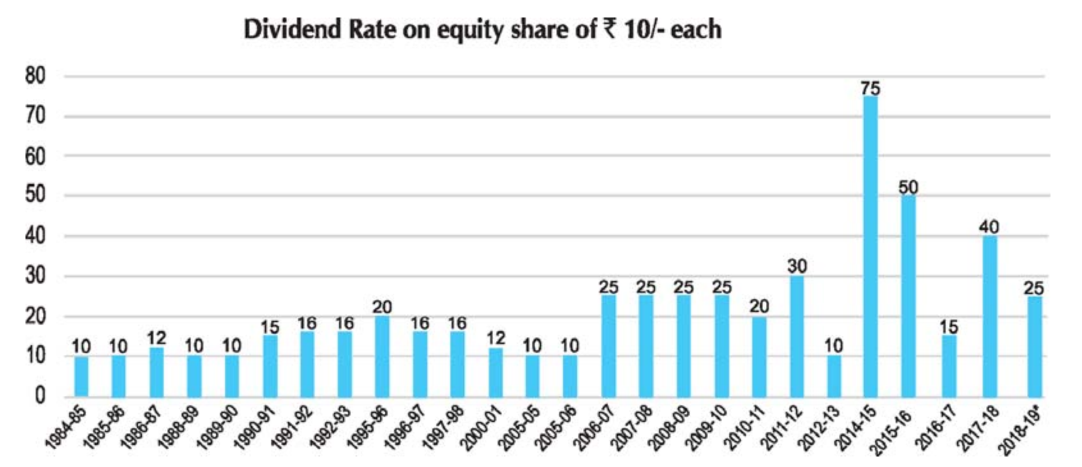
Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April 2018	1115	903	1032	1074	901	1016
May 2018	1074	882	927	1035	883	938
June 2018	929	757	796	947	755	803
July 2018	848	711	821	835	710	814
August 2018	830	716	752	827	721	749
September 2018	755	631	686	765	631	704
October 2018	713	575	639	727	590	654
November 2018	714	614	669	707	621	678
December 2018	722	639	683	728	637	683
January 2019	706	570	584	699	583	588
February 2019	638	529	588	632	528	570
March 2019	749	593	654	758	559	647

Sagar Cements Share Price movements during the year 2018-19 as compared with SENSEX and NIFTY, are depicted below:





Dividend History



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

h. Disclosure with respect to unclaimed shares:

S.No.	Description	Shareholders	Shares
a	Aggregate number of shareholders and the outstanding shares unclaimed at the beginning of the year	8	2815
b	Number of shareholders who approached claiming shares against the above	-	-
c	Number of shareholders to whom shares were transferred against (a) above	-	-
d	Shares transferred to IEPF under Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016	2	1715
d	Aggregate number of shareholders and the outstanding unclaimed shares at the end of the year	6	1100

The voting rights on the unclaimed shares outstanding as on March 31, 2019 shall remain frozen till the rightful owners of such shares claim the shares concerned.

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

The un-claimed dividends for the financial year ended March 31, 1996 onwards and up to the financial year ended March 31, 2011 (Final dividend) were duly transferred to the Investors Education and Protection Fund set up by the Government of India in accordance with the Companies Act as applicable at the time of such transfer. Details of the unclaimed dividends for the subsequent periods are available on the company's website, www.sagarcements.in.

j. Registrars and Share Transfer Agents:

Karvy Fintech Private Limited
(Formerly Karvy Computershare (P) Limited)
Karvy Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda, Serilingampally Mandal
Hyderabad-500032
Phone:040-67161500 |e-mail: einward.ris@karvy.com
Toll Free No: 1800-3454-001
mailmanager@karvy.com, Website: karvyfintech.com

k. Share Transfer System:

Around 98.82% of the shares of the Company are held in electronic form. Transfer of these shares is affected through the depositories with no involvement of the Company.

The shareholders may kindly note that in accordance with SEBI Notification dt.8.6.2018, with effect from 1.4.2019, except in case of transmission or transposition of securities, fresh requests for effecting the transfer of securities (shares) are not processed by the Company/Registrar (RTA), if the shares concerned are held in physical form.

As regards transmission of shares held in physical form, the documents required for transmission, like original share certificate, death certificate, succession certificate/legal heir certificate can be lodged either with the Company at its Registered Office or with the Company's Registrars and Share Transfer Agents, whose address has been given above.

l. Shareholdings particulars as on March 31, 2019

(i) Distribution of shareholdings:

Shareholding range	Shares	%	Holders	%
50 and less	1,09,051	0.53	5,733	53.00
51 to 100	3,24,271	1.59	3,387	31.32
101 to 200	1,23,000	0.60	724	6.69
201 to 300	74,322	0.36	274	2.53
301 to 500	1,22,114	0.60	278	2.57
501 to 1000	1,62,971	0.80	208	1.92
1001 to 5000	3,38,551	1.66	158	1.46
5001 to 10000	1,37,854	0.68	18	0.17
10001 to 20000	1,21,939	0.60	9	0.08
20001 to 50000	1,15,364	0.57	4	0.04
50001 to 100000	1,22,016	0.60	2	0.02
More than 100000	1,86,48,547	91.41	22	0.20
Total	**2,04,00,000**	**100.00**	**10,817**	**100.00**

(ii) Shareholding pattern:

Description	No. of holders / Folios	Shares	% to Total Share Capital	in Demat Form	
				No. of Shares held in Demat Form	% to total shares held
Promoter Group	13	1,02,13,151	50.06	1,02,13,151	50.06
Domestic Companies	193	48,15,686	23.62	48,12,585	23.59
Mutual Funds	8	25,33,348	12.42	25,32,148	12.41
Public - Individuals	10,152	14,81,049	7.26	12,49,224	6.14
Foreign Portfolio Investors	15	7,07,424	3.47	7,07,424	3.47
Insurance Companies	1	3,24,241	1.59	3,24,241	1.59
Non Resident Indians	253	1,10,935	0.54	1,10,935	0.54
Hindu Undivided Families	145	35,184	0.17	35,184	0.17
Clearing Members	28	6,056	0.03	6,056	0.03
Indian financial Institutions	4	4,690	0.02	840	0.00
Non Banking Financial Companies	1	200	0.00	200	0.00
Banks	2	1,596	0.01	1,596	0.01
Alternative Investment Fund	1	4,500	0.02	4,500	0.02
IEPF	1	1,61,940	0.79	1,61,940	0.79
Total	**10,817**	**2,04,00,000**	**100.00**	**2,01,60,024**	**98.82**

m. Dematerialization of Shares and liquidity:

Trading in the shares of the Company needs to be in the electronic form only. The Company has subsisting agreements with both NSDL and CDSL for the purpose. The ISIN number for the company's shares is – INE229C01013. Shares representing more than 98.82% of the share capital were kept in dematerialized form as on March 31, 2019 as detailed below:

In physical form		In Demat Form				Total	
		With NSDL		With CDSL			
Shares	%	Shares	%	Shares	%	Shares	%
2,39,976	1.18	1,96,78,967	96.46	4,81,057	2.36	2,04,00,000	100.00

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

The company has not issued any GDR/ADR.

During the year, the company allotted 31,00,000 warrants of ₹ 730/- each and each of these warrants is convertible into one equity share of ₹ 10/- each at a premium of ₹ 720/- per share at the option of the allottees concerned within a period of 18 months from the date of allotment of the warrants. All these warrants remained outstanding as on March 31, 2019.

o. Plants Location:

Cement Plants:

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

Hydel Power Units:

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

p. Address for investors related correspondence:

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

10. Other disclosures

i. Related Party Transactions:

Full disclosures of related party transactions during the year 2018-19 as per the Ind As 24 issued by the ICAI have been given under Note 33 of the Notes to Financial Statements for the year ended March 31, 2019. These transactions were entered into by the company in its ordinary course of business and at arm's length basis. There were no materially significant transactions with Directors, their relatives or the Senior Management or other related entities that may have potential conflict with the interests of the Company at large. The Register of Contracts containing transactions in which Directors are deemed to be interested, is placed before each meeting of the Board. All related party transactions had prior approval of the Audit Committee, which later reviewed and ratified these transactions.

ii. Statutory compliance, Penalties and Strictures:

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

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

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

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

(a) The Company has implemented all the mandatory requirements applicable to it under SEBI Listing Regulations.

(b) The audited financial statements of the Company are unqualified.

(c) The Internal Auditors directly report to the Audit Committee, and make presentations on their reports.

v. The Policy on dealing with related party transactions and the policy for determining 'material' subsidiaries are available on the company's website http://www.sagarcements.in/ PolicyonRelatedPartyTransaction.html) and (http://www.sagarcements.in/ PolicyonMaterialSubsidiary.html) respectively.

vi. Commodity Price risks and hedging activities:

Commodity price risk is a financial risk on an entity's financial performance upon fluctuations in the prices of commodities that are beyond the control of the entity, since they are primarily driven by external market forces.

Any Sharp fluctuations in prices will create significant business challenges, impacting the profitability of the company.

SCL has captive limestone mine which is one of the major raw material to produce cement. Commodities like Iron ore, bauxite and laterite are utilized in the manufacturing process but they are not significant.

Further the price of other major raw materials like Coal and Pet Coke which are close to 30% of the cost of production, have a significant impact on the performance of the company since they are primarily driven by the external market forces. To meet the price fluctuations in the price of these commodities, company secures materials to meet around six months of its operational requirement, by optimizing the domestic and import sources through establishment of long term financial instruments.

Company's current exposures to the major commodities are given below:

Commodity Name	Exposure INR (₹ in Crores)	Exposure in Qty in (MT)	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Exchange	OTC	Exchange	
Pet Coke	90	97,024	100%	-	100%	-	100%

vii. Details of utilization of funds raised through issue of convertible warrants of ₹ 730/- each for acquisition of Satguru Cement Pvt.Ltd., and Jajpur Cements Pvt.Ltd., for setting-up an integrated cement plant and a grinding station respectively and for meeting other general corporate purposes.

Particulars	Amount (₹)	Amount (₹)
Upfront amount of 25% received against allotment of 31,00,000 convertible warrants of ₹ 730/- each	56,57,50,000	
Utilisation as on 31.3.2019		
Fixed Deposit with SBI		17,00,00,000
Reduction of Working Capital		39,50,00,103
Balance in Account		**7,49,897**
Total	**56,57,50,000**	**56,57,50,000**

viii. Certificate from the Company Secretary in practice to the effect that none of the directors has been debarred or disqualified has been given in the annexure to this report.

ix. None of the recommendation made by the Audit Committee at its meetings was rejected by the Board.

x. **Fee paid to Statutory Auditors:**

A total fee of ₹ 50 lakhs was paid to the Statutory Auditors towards all services rendered by them to the company and to its wholly-owned subsidiary viz., Sagar Cements (R) Limited for the year 2018-19.

xi. **Disclosure in relation to sexual harassment**

During the year 2018-19, the company did not receive any complaints of sexual harassment in relation to the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

xii. **Reconciliation of Share Capital Audit**

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

xiii. The company has adopted a Policy on Determination of Materiality for Disclosures and the said policy has been put up on the website of the Company www.sagarcements.in.

xiv. **Code of Conduct**

The members of the board and senior management personnel have affirmed their compliance during the year ended March 31, 2019 with the Code applicable to them. A certicate by the CEO and Managing Director to this effect has been given in the annexure to this report.

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

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

    (a) The Internal Auditors of the company are directly reporting to the Audit Committee.

    (b) The financial statements of the company are with un-modified opinion.

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

14. The compliance certificate from the auditors regarding compliance of conditions of corporate governance has been annexured to the Directors Report.

Certificate of Non-Disqualification of Directors

[As per Sub-clause (i) of Clause 10 of Part C of Schedule V of the **SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015** read with Regulation 34(3) of the said Listing Regulations]

To,
The Members,
M/s. Sagar Cements Ltd,
Plot No.111, Road No.10,
Jubilee Hills, Hyderabad,
Telangana – 500033.

Based on our verification of the Company's records, various Statutory Authority Portals and the information provided by each of the Directors of the Company, we hereby report certify that none of the directors of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

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

Place : Hyderabad
Date : 10.05.2019

S.Srikanth
Partner
M.No.2219
C.P.No.7999

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

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

I confirm that the company has in respect of the year ended March 31, 2019, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Vice President and above cadre and the Company Secretary as on March 31, 2019.

Hyderabad
10th May 2019

Dr.S.Anand Reddy
Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of Sagar Cements Limited

1. This certificate is issued in accordance with the terms of our engagement letter datedSeptember 28, 2018.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Sagar Cements Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company for the year ended on March 31, 2019, as stipulated inregulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Listing Regulations during the year ended March 31, 2019.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Hyderabad, May 22, 2019
UDIN : 19201193AAAAAT5530

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, 2019, 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, 2019, 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 matter described below to be the key audit matter to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	**Revenue recognition — Refer to Note 18 of the standalone financial statements** The Company recognizes revenue based on the terms of sales agreed, which varies with the customers, i.e., upon transfer of control over goods sold. For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of the goods have been transferred to the customers. As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.	Principal Audit Procedures We obtained an understanding of the revenue recognition process and tested the company's controls around the timely and accurate recording of sales transactions. We have obtained an understanding of a sample of customer contracts. We tested the access and change management controls of the relevant information technology system in which shipments are recorded. Our test of revenue samples focused on sales recorded immediately before the year- end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms set out in sales orders and delivery documents.

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 and Management Discussion and Analysis Report including Annexures and Corporate Governance Report but does not include the standalone financial statements and our auditor's report thereon.
- 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 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.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section134(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.

The 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 section143(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 that:

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

   b) In our opinion, proper books of account as required by law have been kept by the Company.

   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 books of account.

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

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

Place: Hyderabad
Date: May 22, 2019

Ganesh Balakrishnan
Partner
(Membership No. 201193)

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 ofSection 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, 2019 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 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 standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Hyderabad
Date: May 22, 2019

Ganesh Balakrishnan
Partner
(Membership No. 201193)

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

(iii) According to the information and explanations given to us, the Company had granted unsecured loans to company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie,* not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

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

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

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, 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, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable, except for tax deducted as source. The details are under:

Name of the Statute	Nature of the Dues	Period	Amount (₹)	Due Date	Date of Payment
Income Tax	Tax deducted at source	Apr-18 Aug-18	11,34,285 2,880	07-05-2018 07-09-2018	22-05-2019 14-05-2019

(c) Details of dues of Income-tax, Sales Tax, Custom Duty, Excise Duty, Value Added Tax and Entry Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statue	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	2011-13	214	168
		Commissioner Appeals	2010-16	834	11
		Commissioner Appeals	2016-18	467	-
		Commissioner Appeals	2014-16	41	41
Sales Tax and VAT laws	Sales tax and VAT	High Court of Telangana and Andhra Pradesh	1999-2000	20	15
		High Court of Telangana and Andhra Pradesh	2010-11	7	7
Customs Act, 1962	Customs duty	CESTAT	2012-13	193	189

Finance Act, 1994	Service Tax	CESTAT	2014-15	13	-
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2009-10 2010-11	28	28
Local Areas Act, 2001	Entry tax	High Court of Telangana and Andhra Pradesh	2016-17	65	48
		Additional Divisional Commissioner, Rural Division, Hyderabad	2012-13 to 2015-16	11	7

There are no dues of Goods and Services Tax as on March 31, 2019 on account of disputes.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.

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

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

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

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

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

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

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

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

Place: Hyderabad
Date: May 22, 2019

Ganesh Balakrishnan
Partner
(Membership No. 201193)

SAGAR CEMENTS LIMITED

Balance Sheet as on March 31, 2019

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	**73,810**	55,233
(b) Capital work-in-progress		**10,728**	12,206
(c) Intangible assets	3	**14**	15
(d) Financial assets			
(i) Investment in subsidiaries	4	**27,528**	26,595
(ii) Loans	5	**1,500**	2,500
(iii) Other financial assets	6	**1,883**	1,435
(e) Advance income tax	26	**84**	71
(f) Other non-current assets	7	**1,319**	5,123
Total Non-current assets (1)		**1,16,866**	**1,03,178**
Current assets			
(a) Inventories	8	**10,611**	6,757
(b) Financial assets			
(i) Trade receivables	9	**7,814**	5,847
(ii) Cash and cash equivalents	10	**1,784**	4,050
(iii) Bank balances other than (ii) above	11	**1,022**	1,597
(iv) Loans	5	**500**	-
(v) Other financial assets	6	**4,366**	4,200
(c) Other current assets	7	**7,245**	5,801
Total Current assets (2)		**33,342**	**28,252**
TOTAL ASSETS (1+2)		**1,50,208**	**1,31,430**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	**2,040**	2,040
(b) Other equity	13	**88,129**	80,343
Total Equity (1)		**90,169**	**82,383**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	**14,171**	13,783
(ii) Other financial liabilities	15	**4,098**	4,491
(b) Provisions	16	**627**	328
(c) Deferred tax liabilities (net)	26	**4,113**	4,030
(d) Other non-current liabilities	17	**179**	179
Total Non-current liabilities (2)		**23,188**	**22,811**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	**10,655**	9,577
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	28	**25**	3
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**14,987**	7,838
(iii) Other financial liabilities	15	**5,414**	3,844
(b) Provisions	16	**239**	200
(c) Current tax liabilities (net)	26	**756**	232
(d) Other current liabilities	17	**4,775**	4,542
Total Current liabilities (3)		**36,851**	**26,236**
Total Liabilities (4=2+3)		**60,039**	**49,047**
TOTAL EQUITY AND LIABILITIES (1+4)		**1,50,208**	**1,31,430**
Corporate information and significant accounting policies	1		

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 22, 2019

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 22, 2019

SAGAR CEMENTS LIMITED

Statement of Profit and Loss for the year ended March 31, 2019

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	18	**90,201**	77,601
II	Other income	19	**1,506**	1,860
III	**Total Income (I + II)**		**91,707**	**79,461**
IV	**Expenses**			
	(a) Cost of materials consumed	20	**15,650**	10,713
	(b) Purchases of stock-in-trade		**3,701**	1,726
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	**1,744**	(1,650)
	(d) Excise duty	42	**-**	2,802
	(e) Employee benefit expenses	22	**5,200**	4,494
	(f) Finance costs	23	**3,322**	2,973
	(g) Depreciation and amortisation expense	24	**4,410**	3,330
	(h) Other expenses	25	**53,973**	47,464
	Total Expenses		**88,000**	**71,852**
V	**Profit before tax (III - IV)**		**3,707**	**7,609**
VI	**Tax expense**			
	(a) Current tax	26	**874**	1,641
	(b) Deferred tax	26	**171**	1,029
	Total Tax expense		**1,045**	**2,670**
VII	**Profit after tax (V - VI)**		**2,662**	**4,939**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plan		**(253)**	(32)
	(b) Gain on sale of investments in unquoted equity instruments		**-**	1
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**88**	11
			(165)	**(20)**
IX	**Total comprehensive income (VII + VIII)**		**2,497**	**4,919**
X	**Earnings per share (Face value of ₹ 10 each)**			
	Basic and Diluted	35	**13.05**	24.21
	Corporate information and significant accounting policies	1		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 22, 2019

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 22, 2019

SAGAR CEMENTS LIMITED

Statement of changes in equity for the year ended March 31, 2019

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at March 31, 2017	**2,040**
Changes in equity share capital during the year	-
Balance at March 31, 2018	**2,040**
Changes in equity share capital during the year	-
Balance at March 31, 2019	**2,040**

B. Other equity

Particulars	Surplus				Items of other comprehensive income		Money received against share warrants	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income		
Balance as at March 31, 2017	**35**	**32,007**	**3,598**	**40,718**	**13**	**36**	**-**	**76,407**
Profit for the year	-	-	-	4,939	-	-	-	4,939
Dividend on equity shares (including tax)	-	-	-	(983)	-	-	-	(983)
Other comprehensive income for the year (net of tax ₹ 11)	-	-	-	-	1	(21)	-	(20)
Transfer from Reserve for equity instruments	-	-	-	14	(14)	-	-	-
Balance as at March 31, 2018	**35**	**32,007**	**3,598**	**44,688**	**-**	**15**	**-**	**80,343**
Profit for the year	-	-	-	2,662	-	-	-	2,662
Dividend on equity shares (including tax)	-	-	-	(369)	-	-	-	(369)
Other comprehensive income for the year (net of tax ₹ 88)	-	-	-	-	-	(165)	-	(165)
Money received against share warrants (Refer Note 40)	-	-	-	-	-	-	5,658	5,658
Balance as at March 31, 2019	**35**	**32,007**	**3,598**	**46,981**	**-**	**(150)**	**5,658**	**88,129**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 22, 2019

For and on behalf of the Board of Directors

Dr. S. Anand Reddy
Managing Director

S. Sreekanth Reddy
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R.Soundararajan
Company Secretary

K.Prasad
Chief Financial Officer

Place: Hyderabad
Date: May 22, 2019

SAGAR CEMENTS LIMITED

Statement of cash flows for the year ended March 31, 2019

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
A.	**Cash flow from operating activities**				
	Profit after tax for the year		**2,662**		**4,939**
	Adjustments for:				
	Tax expense	**1,045**		2,670	
	Depreciation and amortization expense	**4,410**		3,330	
	Finance costs	**3,322**		2,973	
	Interest income	**(1,452)**		(1,778)	
	Liabilities no longer required written back	**(2)**		(64)	
	Expected credit loss allowance	**332**		79	
	Loss on sale of plant and equipments (net)	**4**		(9)	
	Incentives from government	**(473)**		-	
	Dividend income (₹ Nil for 2018-19 and ₹ 26,000 for 2017-18)	**-**		-	
	Unrealised gain on foreign currency transactions and translation	**(158)**	**7,028**	-	7,201
	Operating profit before working capital changes		**9,690**		**12,140**
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Trade receivables	**(2,299)**		(1,292)	
	Inventories	**(3,854)**		539	
	Other financial assets	**(418)**		297	
	Other assets	**(1,137)**	**(7,708)**	(1,564)	(2,020)
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**7,331**		(558)	
	Other financial liabilities	**(326)**		290	
	Provisions	**85**		149	
	Other liabilities	**233**	**7,323**	1,206	1,087
	Cash generated from operating activities		**9,305**		**11,207**
	Less: Income tax		**(363)**		(1,442)
	Net cash generated from operating activities		**8,942**		**9,765**
B	**Cash flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances	**(16,892)**		(18,116)	
	Deposits not considered as cash and cash equivalents				
	- Placed	**(651)**		(1,483)	
	- Matured	**1,147**		607	
	Proceeds from disposal of plant and equipments	**7**		28	
	Proceeds from sale of investments	**-**		28	

	Interest received	**335**	822
	Dividend income (₹ Nil for 2018-19 and ₹ 26,000 for 2017-18)	**-**	-
	Net cash used in investing activities	**(16,054)**	**(18,114)**
C	**Cash flow from financing activities**		
	Proceeds from issue of share warrants	**5,658**	-
	Proceeds from non-current borrowings	**4,087**	2,334
	Repayment of non-current borrowings	**(2,933)**	(3,240)
	Loan given to related party	**-**	(2,500)
	Proceeds from unsecured loans to related party	**500**	-
	Proceeds/ (repayments) from current borrowings (net)	**1,078**	3,777
	Finance costs	**(3,173)**	(3,105)
	Dividends paid including tax	**(371)**	(983)
	Net cash generated from/(used in) financing activities	**4,846**	**(3,717)**
	Net decrease in cash and cash equivalent (A+B+C)	**(2,266)**	**(12,066)**
	Cash and cash equivalent at the beginning of the year	**4,050**	16,116
	Cash and cash equivalent at the end of the year (Refer Note below)	**1,784**	**4,050**
	Note:		
	Cash and cash equivalents comprises of:		
	Cash in hand	**3**	2
	Balances with banks	**81**	48
	Deposits with banks	**1,700**	4,000
	Cash and cash equivalents (Refer Note 10)	**1,784**	**4,050**

Reconciliations of liabilities from financing activities:

Particulars	As at April 01, 2018	Proceeds	Repayment	Fair value changes	As at March 31, 2019
Long-term borrowings (including current maturities)	16,570	4,087	(2,933)	-	**17,724**
Short-term borrowings	9,577	1,078	-	-	10,655
Total liabilities from financing activities	**26,147**	**5,165**	**(2,933)**	**-**	**28,379**

Particulars	As at April 01, 2017	Proceeds	Repayment	Fair value changes	As at March 31, 2018
Long-term borrowings (including current maturities)	17,476	2,334	(3,240)	-	16,570
Short-term borrowings	5,800	3,777	-	-	9,577
Total liabilities from financing activities	**23,276**	**6,111**	**(3,240)**	**-**	**26,147**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 22, 2019

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 22, 2019

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.

b) Significant accounting policies

(i) Statement of compliance

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

(ii) Basis of preparation and presentation

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

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

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

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

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

(iii) Use of estimates

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

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

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

(iv) Revenue recognition

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.

Dividend and interest income

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

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

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method.

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

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

(vi) Government grants

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.

(vii) Employee benefits

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

Defined Contribution Plans:

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

Defined Benefit Plans:

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

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

Short-term employee benefits

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

(viii) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

(ix) Property, plant and equipment

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

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

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

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

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

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.

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

(x) Intangible assets acquired separately

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

(xi) Inventories

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

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

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

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

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

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

(xiii) Foreign currency transactions and translations:

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

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

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

(xiv) Financial Instruments:

(A) Initial recognition:

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

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

(B) Subsequent measurement:

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

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

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

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

Investment in subsidiaries: Investment in subsidiaries is carried at cost in the separate financial statements.

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

a. **Financial assets:**

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

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

b. **Financial liabilities:**

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

(xv) Impairment of assets

a. **Financial assets:**

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

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

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

b. **Non-financial assets:**

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

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

(xvi) Earnings per share

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

(xvii) Provisions

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

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

(xviii) Operating cycle

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

(xix) Recent accounting pronouncements

Standards issued but not yet effective:

Ind AS 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from April 01, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116.

All amounts are in ₹ lakhs unless otherwise stated

2. Property, plant and equipment

Particulars	As at March 31, 2019	As at March 31, 2018
Land - freehold	**7,051**	6,197
Land - restoration	**143**	152
Buildings	**15,335**	11,266
Plant and machinery	**40,362**	28,780
Furniture and fittings	**186**	136
Office and other equipment	**1,047**	567
Electrical installations	**3,540**	1,816
Computers	**50**	33
Vehicles	**278**	219
Railway siding	**5,818**	6,067
Total	73,810	55,233

For the year 2018-19

All amounts are in ₹ lakhs unless otherwise stated

	Description of assets	Land-freehold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I.	**Gross block**											
	Opening Balance	**6,197**	**179**	**16,813**	**45,809**	**707**	**3,557**	**5,522**	**231**	**840**	**6,684**	**86,539**
	Add: Additions	854	-	5,252	13,726	95	649	2,227	38	156	-	22,997
	Less: Disposals	-	-	-	-	-	-	12	-	34	-	46
	Balance as at March 31, 2019	**7,051**	**179**	**22,065**	**59,535**	**802**	**4,206**	**7,737**	**269**	**962**	**6,684**	**1,09,490**
II.	**Accumulated depreciation**											
	Opening Balance	**-**	**27**	**5,547**	**17,029**	**571**	**2,990**	**3,706**	**198**	**621**	**617**	**31,306**
	Add: Depreciation expense	-	9	1,183	2,144	45	169	497	21	92	249	4,409
	Less: Eliminated on disposal of assets	-	-	-	-	-	-	6	-	29	-	35
	Balance as at March 31, 2019	**-**	**36**	**6,730**	**19,173**	**616**	**3,159**	**4,197**	**219**	**684**	**866**	**35,680**
Net block (I-II)												
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**
Carrying value as at March 31, 2018		6,197	152	11,266	28,780	136	567	1,816	33	219	6,067	55,233

For the year 2017-18

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

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2019	As at March 31, 2018
3.	**Intangible assets**		
	Computer software	**14**	15
	Total	**14**	**15**

Computer Software:

	Particulars	As at March 31, 2019	As at March 31, 2018
I.	**Gross block**		
	Opening Balance	**267**	267
	Add: Additions	**-**	-
	Closing Balance	**267**	267
II.	**Accumulated amortization**		
	Opening Balance	**252**	251
	Add: Amortisation expense	**1**	1
	Closing Balance	**253**	252
	Net block (I-II)		
	Carrying Value	**14**	**15**

Note	Particulars	As at March 31, 2019 No. of shares	As at March 31, 2019 Amount	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount
4.	**Investments (Unquoted)**				
	Investments in subsidiary				
	Sagar Cements (R) Limited				
	Equity shares (Refer Note (i) below)	**10,38,12,925**	**18,553**	10,38,12,925	18,553
	8% Cumulative redeemable preference shares (Refer Note (ii) below)	**4,30,00,000**	**8,975**	4,30,00,000	8,042
			27,528		26,595
	Aggregate amount of unquoted investments		**27,528**		**26,595**

Notes

(i) Includes investment of ₹ 401 (March 31, 2018: ₹ 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, 2019, ₹ 933 (March 31, 2018: ₹ 836) has been recognised as interest income on preference shares and added to the cost of preference shares.

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019	As at March 31, 2018
5.	Loans (Unsecured, considered good)		
	Non-current		
	Loans to related party (Refer Note 33)	**1,500**	2,500
	Total	**1,500**	2,500
	Current		
	Loans to related party (Refer Note 33)	**500**	-
	Total	**500**	-
	Total loans	2,000	2,500
	Loans classification:		
	Loans receivables considered good - secured	-	-
	Loans receivables considered good - unsecured	**1,500**	2,500
	Loans receivables which have significant increase in credit risk	-	-
	Loans receivables - credit impaired	-	-
	Total Non-current	**1,500**	**2,500**
	Loans receivables considered good - secured	-	-
	Loans receivables considered good - unsecured	**500**	-
	Loans receivables which have significant increase in credit risk	-	-
	Loans receivables - credit impaired	-	-
	Total Current	**500**	-
6.	Other financial assets (Unsecured, considered good)		
	Non-current		
	Security deposits	**1,650**	1,281
	Balances held as margin money deposit against borrowings	**233**	154
	Total	**1,883**	**1,435**
	Current		
	Security deposits	**170**	90
	Loans and advances to employees	**37**	68
	Interest accrued but not due	**4,159**	4,042
	Total	**4,366**	**4,200**
	Total other financial assets	6,249	5,635

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019	As at March 31, 2018
7.	**Other assets (Unsecured, considered good)**		
	Non-current		
	Capital advances	**1,150**	5,120
	Prepaid expenses	**169**	3
	Total	**1,319**	**5,123**
	Current		
	Advances to suppliers and service providers	**1,114**	578
	Advances to related parties (Refer Note below)	**4,253**	3,690
	Advances to others	**554**	-
	Prepaid expenses	**271**	170
	Balances with government authorities	**53**	836
	Excise duty refund receivable	**194**	194
	Incentives receivable from government (Refer Note 41)	**806**	333
	Total	**7,245**	**5,801**
	Total other assets	**8,564**	**10,924**
	Note: Includes ₹ 4,251 (As at March 31, 2018: ₹ 2,979) paid to subsidiary company		
8.	**Inventories (at lower of cost and net realisable value)**		
	Raw materials	**700**	394
	Coal	**5,132**	1,437
	Work-in-progress	**823**	3,314
	Stores and spares	**1,408**	1,201
	Packing materials	**319**	237
	Finished goods	**901**	154
	Total (A)	**9,283**	**6,737**
	Goods-in-transit:		
	Raw materials	**9**	4
	Coal	**1,286**	1
	Packing materials	**31**	15
	Finished goods	**2**	-
	Total (B)	**1,328**	**20**
	Total inventories (A + B)	**10,611**	**6,757**
9.	**Trade receivables**		
	Trade receivables considered good - Secured	**518**	751
	Trade receivables considered good - Unsecured	**7,296**	5,096
	Trade receivables which have significant increase in credit risk	**-**	-
	Trade receivables - credit impaired	**480**	148
	Sub-total	**8,294**	**5,995**
	Less: Expected credit loss allowance	**(480)**	(148)
	Total trade receivables	**7,814**	**5,847**

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:

Age of receivables:

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019	As at March 31, 2018
	Within the credit period	**4,977**	4,185
	1-30 days past due	**1,243**	431
	31-60 days past due	**328**	294
	61-90 days past due	**333**	117
	91-180 days past due	**328**	119
	More than 180 days past due	**1,085**	849
	Total	**8,294**	**5,995**
	Movement in expected credit loss allowance		
	Particulars	**2018-19**	**2017-18**
	Balance at the beginning of the year	**148**	69
	Add: Expected credit loss allowance	**332**	79
	Balance at the end of the year	**480**	**148**

Note	Particulars	As at March 31, 2019	As at March 31, 2018
10.	**Cash and cash equivalents**		
	Cash in hand	**3**	2
	Balances with banks	**81**	48
	Deposits with banks	**1,700**	4,000
	Total cash and cash equivalents	**1,784**	**4,050**
11.	**Other bank balances**		
	Unpaid dividend account	**62**	64
	Deposits held as margin money/security for bank guarantees	**960**	1,533
	Total other bank balances	**1,022**	**1,597**

Note	Particulars	As at March 31, 2019		As at March 31, 2018	
		No. of shares	Amount	No. of shares	Amount
12.	**Equity share capital**				
	Authorised [Refer Note (d) below]:				
	Equity shares of ₹ 10 each	**2,35,00,000**	**2,350**	2,20,00,000	2,200
	Issued, subscribed and fully paid:				
	Equity shares ₹ 10 each (Refer Note 40)	**2,04,00,000**	**2,040**	2,04,00,000	2,040
	(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:				
	Opening balance	**2,04,00,000**	**2,040**	2,04,00,000	2,040
	Shares issued	**-**	**-**	-	-
	Closing balance	**2,04,00,000**	**2,040**	**2,04,00,000**	**2,040**

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

The Company has only one class of equity shares having a par value of ₹ 10 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.

All amounts are in ₹ lakhs unless otherwise stated

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

Name of the shareholder	As at March 31, 2019 No. of shares	As at March 31, 2019 % of holding	As at March 31, 2018 No. of shares	As at March 31, 2018 % of holding
Late S. Veera Reddy	**16,43,795**	**8.06%**	16,43,795	8.06%
S. Aruna	**13,69,545**	**6.71%**	13,69,545	6.71%
Rachana Sammidi	**11,67,183**	**5.72%**	11,64,280	5.71%
Dr. S. Anand Reddy	**13,06,524**	**6.40%**	13,03,524	6.39%
S. Sreekanth Reddy	**12,38,753**	**6.07%**	12,38,753	6.07%
S. Vanajatha	**9,90,769**	**4.86%**	9,90,769	4.86%
HDFC Trustee Company Limited - HDFC Balanced Advantage fund	**13,06,000**	**6.40%**	14,16,000	6.94%
AVH Resources India Private Limited	**35,83,704**	**17.57%**	35,83,704	17.57%

(d) The shareholders of the Company in the extra-ordinary general meeting held on January 08, 2019 approved, by way of special resolution, increase in authorised share capital to ₹ 2,350 consisting of 235,00,000 equity shares of ₹ 10 each.

Note	Particulars	As at March 31, 2019	As at March 31, 2018
13.	Other equity		
	Capital reserve	**35**	35
	Securities premium	**32,007**	32,007
	General reserve	**3,598**	3,598
	Retained earnings	**46,981**	44,688
	Reserve for equity instrument	**-**	-
	Other items of other comprehensive income	**(150)**	15
	Money received against share warrants	**5,658**	-
	Total other equity	88,129	80,343
	Movement in other equity is as follows:		
	Capital reserve	**35**	**35**
	Securities premium	**32,007**	**32,007**
	General reserve	**3,598**	**3,598**
	Retained earnings		
	(i) Opening balance	**44,688**	40,718
	(ii) Profit for the year	**2,662**	4,939
	(iii) Transfer from Reserve for equity instruments	**-**	14
		47,350	45,671
	Less: Appropriations		
	(i) Dividend on equity shares	**306**	817
	(ii) Tax on dividend	**63**	166
		46,981	**44,688**
	Reserve for equity instruments		
	(i) Opening balance	-	13
	(ii) Gain on sale of investments in unquoted equity instruments	-	1
	(iii) Transfer to Retained earnings	-	**(14)**
		-	**-**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019	As at March 31, 2018
	Other items of other comprehensive income		
	(i) Opening balance	**15**	36
	(ii) Other comprehensive income for the year	**(165)**	(21)
		(150)	15
	Money received against share warrants (Refer Note 40)	**5,658**	-
	Total	**88,129**	**80,343**

Nature of reserves

(a) Capital reserve

This represents subsidies received from the government.

(b) Securities premium

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

(c) General reserve

This represents appropriation of profit by the company.

(d) Retained earnings

Retained earnings comprises of undistributed earnings after taxes.

(e) Reserve for equity instruments

This represents fair valuation of equity instruments which is routed through other comprehensive income.

(f) Other items of other comprehensive income

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

(g) Money received against share warrant

This represents the moneys received against the share warrants alloted during the current year.

Note	Particulars	As at March 31, 2019	As at March 31, 2018
14.	**Non-current borrowings* (Secured, at amortised cost)**		
	Term loans from banks	**14,171**	13,783
	Total non current borrowings	**14,171**	**13,783**

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

Notes:

As at March 31, 2019

Particulars	Loan outstanding	Terms of repayment	Rate of interest
ICICI Bank Limited (Refer Note 1 below)	4,131	15 quarterly instalments	9.35%
Yes Bank Limited (Refer Note 2 below)	2,000	48 monthly instalments	10.40%
Yes Bank Limited (Refer Note 3 below)	2,877	21 quarterly instalments	11.25%
Yes Bank Limited (Refer Note 3 below)	400	16 quarterly instalments	10.40%
Yes Bank Limited (Refer Note 3 below)	4,377	28 quarterly instalments	10.40%
State Bank of India (Refer Note 4 below)	3,599	28 quarterly instalments	9.50%
Vehicle loans from various banks/ financial institutions (Refer Note 5 below)	340	14 - 37 monthly instalments	7.97% to 9.31%
Less: Current maturities of non-current borrowings	(3,553)		
Total	**14,171**		

All amounts are in ₹ lakhs unless otherwise stated

As at March 31, 2018

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

1. Term loan is secured by pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the Company and are guaranteed by Late S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
2. Term loan is secured by pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future, 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 near Vishakhapatnam, Andhra Pradesh both present and future and is guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
4. Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
5. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

Particulars	As at March 31, 2019	As at March 31, 2018
Current borrowings (Secured, amortised at cost)		
Loans repayable on demand		
Cash credit facilities (Refer Notes below)	**10,655**	9,577
Total current borrowings	**10,655**	**9,577**

Notes:

1. The Company has availed cash credit facilities from State bank of India. This facility is secured against all current assets, present and future, and by second charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 9.45% p.a. to 10.25% p.a. (2017-18: 7.65% p.a. to 13.20% p.a.)
2. The Company has availed cash credit facilities from Yes Bank Ltd. This facility is secured against all current assets, present and future, and by second charge on the property, plant and equipment of the Company (excluding WHR unit) and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 10.80% p.a. to 11.45% p.a. (2017-18: 7.65% p.a. to 13.20% p.a.)
3. The Company has availed cash credit facilities from HDFC Bank Ltd. This facility is secured by post dated cheques aggregating ₹ 3,500 from any working capital banker and personal guarantee by S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.10% p.a. to 9.30% p.a. (2017-18: Nil).

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019	As at March 31, 2018
15.	**Other financial liabilities**		
	Non-current		
	Security deposits received	**3,944**	4,270
	Guarantee obligation	**154**	221
	Total	**4,098**	**4,491**
	Current		
	Current maturities of non-current borrowings	**3,553**	2,787
	Interest accured but not due on borrowings	**247**	98
	Unpaid dividends	**62**	64
	Payables on purchase of property, plant and equipment	**1,552**	895
	Total	**5,414**	**3,844**
	Total other financial liabilities	**9,512**	**8,335**
16.	**Provisions**		
	Gratuity (Refer Note 31)	**627**	302
	Compensated absences (Refer Note 31)	**239**	226
	Total provisions	**866**	**528**
	Non-current		
	Gratuity	**444**	167
	Compensated absences	**183**	161
	Total	**627**	**328**
	Current		
	Gratuity	**183**	135
	Compensated absences	**56**	65
	Total	**239**	**200**
17.	**Other liabilities**		
	Non-current		
	Liability for land restoration	**179**	179
	Total	**179**	**179**
	Current		
	Advance from customers	**3,235**	2,730
	Statutory remittances	**1,540**	1,812
	Total	**4,775**	**4,542**
	Total other liabilities	**4,954**	**4,721**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
18.	**Revenue from operations**		
	Revenue from		
	- Sale of cement (Refer Note 42)	**88,055**	77,083
	- Sale of power	**4**	-
	Other operating income		
	- Income from trademark and staffing charges to subsidiary	**360**	360
	- Sale of scrap	**141**	142
	- Incentives from government (Refer Note 41)	**473**	-
	- Sale of coal	**1,106**	-
	- Insurance claims	**37**	-
	- Others	**25**	16
	Total revenue from operations	**90,201**	**77,601**
19.	**Other income**		
	Interest Income on financial assets at amortized cost	**1,452**	1,778
	Profit on sale of plant & equipment	**-**	9
	Liabilities no longer required written back	**2**	64
	Net gain on foreign currency transactions and translation	**52**	-
	Others	**-**	9
	Total other income	**1,506**	**1,860**
20.	**Cost of materials consumed**		
	Opening stock	**394**	493
	Add: Purchases	**15,956**	10,614
	Less: Closing stock	**700**	394
	Total cost of materials consumed	**15,650**	**10,713**
	Details of materials consumed:		
	Limestone (including clinker transportation cost)	**7,596**	5,014
	Slag	**2,815**	919
	Laterite	**1,497**	1,844
	Iron-ore sludge	**758**	535
	Gypsum	**1,486**	1,166
	Fly ash	**1,408**	1,235
	Others	**90**	-
	Total	**15,650**	**10,713**
21.	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Inventories at the beginning of the year:		
	Finished goods	**154**	238
	Work-in-progress	**3,314**	1,580
		3,468	**1,818**
	Inventories at the end of the year:		
	Finished goods	**901**	154
	Work-in-progress	**823**	3,314
		1,724	**3,468**
	Net (increase)/ decrease	**1,744**	**(1,650)**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
22.	**Employee benefit expenses**		
	Salaries and wages, including bonus	**4,108**	3,864
	Contribution to provident and other funds	**373**	314
	Staff welfare expenses	**719**	316
	Total employee benefit expenses	**5,200**	**4,494**
23.	**Finance costs**		
	Interest expense	**3,021**	2,551
	Less: Amounts included in the cost of qualifying assets	**(303)**	(87)
	Other borrowing cost	**604**	509
	Total finance cost	**3,322**	**2,973**
24.	**Depreciation and amortization expense**		
	Depreciation of property, plant and equipment	**4,409**	3,329
	Amortization of intangible assets	**1**	1
	Total depreciation and amortization	**4,410**	**3,330**
25.	**Other expenses**		
	Coal consumed	**16,626**	14,189
	Power	**8,782**	8,498
	Packing materials consumed	**3,919**	3,232
	Stores and spares consumed	**1,624**	1,676
	Repairs and maintenance		
	- Plant & equipment	**1,039**	751
	- Buildings	**94**	15
	- Others	**618**	488
	Freight and forwarding expenses	**17,398**	15,121
	Selling expenses	**1,894**	2,152
	Expected credit loss allowance	**332**	79
	Rent	**207**	176
	Insurance	**168**	149
	Rates and taxes	**163**	164
	Expenditure on corporate social responsibility	**122**	95
	Payment to auditors (Refer Note (i) below)	**35**	26
	Travelling and conveyance	**328**	244
	Security services	**138**	119
	Donations and contributions	**43**	41
	Legal and other professional charges	**318**	224
	Administrative expenses	**198**	182
	Printing and stationery	**36**	38
	Communication	**65**	66
	Net Loss on foreign currency transactions and translation	**-**	1
	Loss on sale of plant and equipments	**4**	-
	Decrease of excise duty on inventory (Refer Note (ii) below)	**-**	(18)
	Miscellaneous expenses	**42**	36
	Captive consumption of cement	**(220)**	(280)
	Total other expenses	**53,973**	**47,464**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	Notes:		
	(i) Payment to auditors (net of taxes) comprises:		
	For audit	**23**	18
	For limited reviews	**7**	6
	For other services	**3**	1
	Reimbursement of expenses	**2**	1
	Total	35	26
	(ii) Consequent to implementation of Goods and Services tax effective from July 01, 2017, excise duty on opening stock of finished goods as at April 01, 2017 has been reversed.		
26.	Income tax expense		
	(a) Income tax recognized in the statement of profit and loss		
	Current tax:		
	In respect of the current year	**874**	1,641
		874	**1,641**
	Deferred tax		
	In respect of current year origination and reversal of temporary differences	**1,045**	1,789
	MAT Credit	**(874)**	(760)
		171	**1,029**
	Total tax expense	**1,045**	**2,670**
	(b) Reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:		
	Profit before tax	**3,707**	7,609
	Indian Statutory Income Tax Rate	**34.94%**	34.94%
	Expected income tax expense	**1,295**	2,659
	Tax effect of expenses that are not deductible in determining taxable profit	**(250)**	11
	Total Income Tax Expense	1,045	2,670

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	(Recognized) / Reversed through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	7,440	1,978	-	9,418
Provision for employee benefits	(173)	(42)	(88)	(303)
Expected credit loss allowance	(50)	(118)	-	(168)
MAT credit entitlement	(2,990)	(874)	-	(3,864)
Others	(197)	38	-	(159)
Unabsorbed depreciation	-	(811)	-	(811)
Total Deferred tax liability (Net)	**4,030**	**171**	**(88)**	**4,113**

Movement in deferred tax assets and liabilities for the year 2017-18:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	(Recognized) / Reversed through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	5,626	1,814	-	7,440
Provision for employee benefits	(174)	(10)	11	(173)
Expected credit loss allowance	(22)	(28)	-	(50)
MAT credit entitlement	(2,230)	(760)	-	(2,990)
Others	(197)	-	-	(197)
Total Deferred tax liability (Net)	**3,003**	**1,016**	**11**	**4,030**

(d) Current tax assets and liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax	**84**	71
Current tax liabilities	**(756)**	(232)
Net current tax liabilities	**(672)**	**(161)**

27. Contingent liabilities, corporate guarantees and capital commitments

a) Contingent Liabilities:

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

i) Claims against the Company not acknowledged as debt:

Particulars	As at March 31, 2019	As at March 31, 2018
Direct tax matters	**28**	1,190
Indirect tax matters	**575**	1,850
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, 2018: ₹ 834) from July 2010 to March 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order, the amount of ₹ 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. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the Company.

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

b) Corporate Guarantees:

The Company furnished a corporate guarantee of ₹ 15,000 to IDBI Trusteeship Services Limited to secure the1,500 Non-Convertible Debentures (₹ 10 lakhs each) aggregating to ₹ 15,000 (2017-18: ₹ 15,000) issued by its wholly-owned subsidiary, Sagar Cements (R) Limited, to International Finance Corporation and a further guarantee to secure the credit facilities and term loans aggregating ₹ 6,000(2017-18: ₹ 6,000) availed by the said subsidiary from its lenders.

c) Capital Commitments:

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**635**	10,628

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 are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	**25**	3
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 as a deductible expenditure under section 23.	-	-

All amounts are in ₹ lakhs unless otherwise stated

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)(xiv) to the financial statements.

A. Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances.The capital structure of the Company consists of net debt (borrowings as detailed in Notes 14 and 15 offset by cash and bank balances) and total equity of the Company.The Company is not subject to any externally imposed capital requirements.The Company's management reviews the capital structure of the Company on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

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

Description	As at March 31, 2019	As at March 31, 2018
Debt (Refer Note below)	**28,379**	26,245
Cash and bank balances	**2,806**	5,647
Net debt	**25,573**	20,598
Total equity	**90,169**	82,383
Net debt to equity ratio	**0.284**	0.250

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

B. Financial Assets and Liabilities

The carrying value of financial instruments by categories as at March 31, 2019 and March 31, 2018 is as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Assets		
Measured at amortised cost		
(i) Investments	**27,528**	26,595
(ii) Loans	**2,000**	2,500
(iii) Trade receivables	**7,814**	5,847
(iv) Cash and cash equivalents	**1,784**	4,050
(v) Other bank balances	**1,022**	1,597
(vi) Other financial assets	**6,249**	5,635
Total Financial assets	**46,397**	**46,224**

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Liabilities		
Measured at amortised cost		
(i) Borrowings	**28,379**	26,147
(ii) Trade payables	**15,012**	7,841
(iii) Other financial liabilities	**5,959**	5,548
Total Financial liabilities	**49,350**	**39,536**

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

C. Financial risk management objectives:

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

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

i) Market risk:

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

Interest rate risk management:

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

Interest rate sensitivity analysis

The sensitivity 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, 2019 would decrease/increase by ₹ 142 (for the year ended March 31, 2018: decrease/increase by ₹ 131). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

ii) Credit risk management:

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

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

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 27).

D. Liquidity risk management:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2019 and March 31, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

All amounts are in ₹ lakhs unless otherwise stated

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, 2019	As at March 31, 2018
Secured bills acceptance facility, reviewed annually		
- amount used	**3,009**	1,262
- amount unused	**5,991**	938
Total	**9,000**	**2,200**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	**10,655**	9,577
- amount unused	**2,545**	2,623
Total	**13,200**	**12,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	**17,724**	16,570
- amount unused	**16**	4,002
Total	**17,740**	**20,572**

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

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	15,012	-	-
Other financial liabilities	1,861	426	3,672
Borrowings (including current maturities of non-current borrowings)	14,208	3,403	10,768

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2018 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	7,841	-	-
Other financial liabilities	1,057	367	4,125
Borrowings (including current maturities of non-current borrowings)	12,364	2,890	10,893

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

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	4	51,01,783	3,589	Buy	Rupees

All amounts are in ₹ lakhs unless otherwise stated

30. Disclosure as per Regulation 34(3) of the SEBI (Listing Obligations 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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Sagar Cements (R) Limited	**6,251**	5,479	**6,479**	6,542

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 ₹ 219 (2017–18: ₹196).

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 ₹ 33 (2017–18: ₹ 34).

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 ₹ 8 (2017–18: ₹ 10).

(ii) Defined benefit plan:

Gratuity:

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

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as per actuarial valuation as at March 31, 2019 and March 31, 2018:

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Mortality table (LIC)	**IALM 2012-14 (ultimate)**	IALM 2006-08 (Mod.) (ultimate)
Discounting rate	**7.65%**	8%
Expected rate of return on plan asset	**7.80%/8.09%**	7.65% / 8.05%
Expected average remaining working lives of employees	**15.57 years**	16.05 years
Rate of escalation in salary	**10%**	5%
Attrition rate	**10%**	4%

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	**99**	71
Interest expense	**55**	48
Expected return on plan assets	**(33)**	(35)
Defined benefit cost included in profit and loss	**121**	**84**
Re-measurement effects recognized in Other Comprehensive Income (OCI)		
Actuarial loss	**253**	32
Components of defined benefit costs recognized in OCI	**253**	**32**

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Present value of funded defined benefit obligations	**1,070**	765
Fair value of plan assets	**(443)**	(463)
Net liability arising from defined benefit obligation	**627**	302

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Defined benefit obligation at the beginning of the year	**765**	655
Current service cost	**99**	71
Interest cost	**55**	48
Re-measurements - Actuarial loss	**253**	29
Benefits paid out of plan assets and by employer	**(102)**	(38)
Defined benefit obligation at the year end	**1,070**	**765**

e) Maturity profile of defined benefit obligation:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Within 1 year	**184**	135
1 – 2 years	**153**	107
2 – 3 years	**141**	59
3 – 4 years	**112**	123
4 – 5 years	**116**	57
5 – 10 years	**453**	326

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening fair value of the plan assets	**463**	456
Expected return on plan assets	**33**	35
Contributions from the employer	**32**	11
Benefits paid out of plan assets	**(85)**	(38)
Re-measurement – Actuarial loss/(gain)	**-**	(3)
Other adjustments	**-**	2
Fair value of plan asset at the year end	**443**	**463**

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, 2019		For the year ended March 31, 2018	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	**992**	**1,097**	694	772
Effect of 1% change in assumed salary rate	**1,097**	**989**	775	690
Effect of 1% change in assumed attrition rate	**1,036**	**1,048**	738	723

The Company is expected to contribute ₹ 300 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, 2019	For the year ended March 31, 2018
Discount Rate	**7.65%**	8%
Salary escalation rate	**10%**	5%
Attrition rate	**10%**	4%
Mortality tables	**IALM 2012-14 (ultimate)**	IALM 2006-08 (Mod.) (ultimate)

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

32. 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.

33. Related Party Disclosures:

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

Name	Relationship
Sagar Cements (R) Limited	Subsidiary Company

All amounts are in ₹ lakhs unless otherwise stated

Key managerial personnel (KMP):

Name	Relationship
Swaminatha Reddy Onteddu	Chairman of the Board of Directors
Late S. Veera Reddy	Managing Director (MD) (upto September 28, 2018)
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Kolappa Thanu Pillai	Director
Nagesh Reddy	Nominee Director
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Fernand Pascal Cesar Bertrand	Director
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)

Relatives of KMP:

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

Note:

Dr. S. Anand Reddy is appointed as Managing Director and S. Sreekanth Reddy is appointed as Joint Managing Director, effective October 31, 2018. The appointments are for a term of 3 years and the remuneration is approved by the shareholders by passing a special resolution in the extra ordinary general meeting held on January 8, 2019.

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

Nature of Transaction	Party Name	Year Ended March 31, 2019	Year Ended March 31, 2018
Purchase of raw materials	PanchavatiPolyfibres Limited	**3,822**	3,642
Purchase of power	Sagar Cements (R) Limited	**3,697**	3,793
Purchase of scrap	Sagar Cements (R) Limited	**53**	8
Sale of scrap	Sagar Cements (R) Limited	**5**	10
Sale of Coal	Sagar Cements (R) Limited	**1,106**	-
Purchase of property, plant and equipment	Sagar Power Limited	**2,648**	-
Purchase of stores	Sagar Power Limited	**42**	-
Rent expenses paid	Dr. S. Anand Reddy	**32**	29
	S. Sreekanth Reddy	**32**	28
	S. Vanajatha	**32**	28
	Total	**96**	**85**

All amounts are in ₹ lakhs unless otherwise stated

Nature of Transaction	Party Name	Year Ended March 31, 2019	Year Ended March 31, 2018
Services rendered	Sagar Cements (R) Limited	**360**	360
Services received	Sagarsoft (India) Limited	**28**	26
	RV Consulting Services Private Limited	**1,612**	2,121
	Total	**1,640**	**2,147**
Reimbursement of expenses received	Sagarsoft (India) Limited	**17**	12
	RV Consulting Services Private Limited	**4**	9
	Sagar Power Limited	**-**	10
	Sagar Cements (R) Limited	**2**	-
	Total	**23**	**31**
Dividend income	PanchavatiPolyfibres Limited (₹ 26,000 for the previous year)	**-**	-
Interest earned on loan, corporate guarantee and cumulative redeemable preference shares	Sagar Cements (R) Limited	**1,273**	1,181
Loans and advances given	Sagar Cements (R) Limited – Loan	-	2,500
	Sagar Cements (R) Limited – Advance	**6,141**	5,355
	Total	**6,141**	**7,855**
Repayment received against loans and advances given	Sagar Cements (R) Limited	**500**	-

Compensation to key managerial personnel is as follows:

Nature of Transaction	Party name	For the year ended March 31, 2019	March 31, 2018
Short-term benefits	MD, JMD, ED, CS and CFO	**674**	765
Other benefits	Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	**105**	64

Outstanding balances:

Nature of the balance	Party Name	As at March 31, 2019	As at March 31, 2018
Loan given	Sagar Cements (R) Limited	**2,000**	2,500
Advances given	Sagar Cements (R) Limited	**4,251**	2,979
	Sagar Power Limited	**12**	707
	RV Consulting Services Private Limited	**-**	4
	Sagarsoft (India) Limited	**2**	-
	Total	**4,265**	**3,690**
Interest accrued but not due	Sagar Cements (R) Limited	**4,098**	3,852
Trade payables	Panchavati Polyfibres Limited	**274**	391
Payable on purchase of property, plant and equipment	RV Consulting Services Private Limited	**650**	-
Rent payable	Dr. S. Anand Reddy	**3**	2
	S. Sreekanth Reddy	**3**	2
	S. Vanajatha	**3**	2
	Total	**9**	**6**
Corporate guarantee	Sagar Cements (R) Limited (Refer Note 27)	**21,000**	21,000
8% Cumulative redeemable preference shares	Sagar Cements (R) Limited	**8,975**	8,042

34. Operating Lease

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease expense recognized in the Statement of Profit and Loss aggregate ₹ 207 (2017–18: ₹ 176).

35. Earnings per share

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Profitafter tax (₹ in lakhs)	**2,662**	4,939
Weighted average number of equity shares outstanding (Refer Note below)	**20,400,000**	20,400,000
Earnings per share:		
Basic and Diluted (in ₹)	**13.05**	24.21

Note: The convertible share warrants alloted by the Company are anti-dilutive in nature.

36. Corporate Social Responsibility (CSR) activities:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities are covered under Schedule VII to the Companies Act, 2013. The Company has spent an amount of ₹ 122 (2017–18: ₹ 95) towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under 'Other Expenses'.

37. The Company has certain mining leases granted by the Government for limestone mining in Pedaveedu Village, Mattampally up to August 17, 2034.

38. During the year 2016-17, the Company had raised amounts of ₹ 4,896 and ₹ 17,280 through preferential issue of equity shares and Qualified Institutional Placement (QIP) issue respectively. The objective of raising funds through preferential and QIP issue was to meet the capital expenditure requirements for expansion of the grinding unit in Bayyavaram to 1.5 million MT and to setting up a coal based captive power unit of 18 MW capacity at its plant in Mattampally, Nalgonda District, for other general corporate purposes and any other purposes as may be permissible under applicable law. The entire amount was utilized for the purposes for which funds were raised.

39. Pursuant to an Asset Purchase Agreement with Sagar Power Limited (SPL), the Company has acquired the assets of two hydel power plants of SPL having a combined capacity of 8.3 MW for its captive consumption, effective April 5, 2018 for a total consideration of ₹ 2,690.

40. Pursuant to the approval accorded by the shareholders at their Extraordinary General Meeting held on January 08, 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.

The proceeds of the above issue will be utilized for the company's investment 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. The Company received 25% of the consideration of ₹ 5,658 upon allotment of warrants as at the balance sheet date and recognized as Money received against share warrants under 'Other equity'. A part of the amount was utilized for the purpose for which it was raised and the balance amount is invested in term deposits with bank, pending utilization, as at March 31, 2019.

The Company acquired 100% equity stake in JCPL on May 02, 2019 for a consideration of ₹ 450.The Company has invested an amount of ₹ 289 in SCPL on May 08, 2019, for acquiring 28,97,143 equity shares (face value of ₹ 10 each) on preferential basis, which constitutes 65% equity stake in SCPL. The premium of ₹ 14,710 will be paid based on progress of the project. These companies have become subsidiaries of the Company, subsequent to the balance sheet date.

41. 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 from the current year. Such reimbursements are in the nature of government grants and recognized income aggregating ₹ 473 under 'Other operating income'.

42. The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, in compliance with Indian Accounting Standards, Revenue from operations for the year ended March 31, 2019 is net of GST. For the year ended March 31, 2018, Revenue from operations includes excise duty for April 2017 to June 2017 which is now subsumed in GST.

43. The Board of Directors have recommended a dividend of ₹ 2.50 per equity share (2017-18: ₹ 1.50) of ₹ 10 each. The Company has also paid an interim dividend of ₹ Nil (2017-18: ₹ 2.50) per share.

44. These financial statements were approved by the Company's Board of Directors on May 22, 2019.

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 22, 2019

INDEPENDENT AUDITORS' 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 subsidiary, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, 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, 2019, 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 matter described below to be the key audit matter to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	**Revenue recognition — Refer to Note 16 of the consolidated financial statements** The Company recognizes revenue based on the terms of sales agreed, which varies with the customers, i.e., upon transfer of control over goods sold. For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of the goods have been transferred to the customers. As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.	<u>Principal Audit Procedures</u> We obtained an understanding of the revenue recognition process and tested the company's controls around the timely and accurate recording of sales transactions. We have obtained an understanding of a sample of customer contracts. We tested the access and change management controls of the relevant information technology system in which shipments are recorded. Our test of revenue samples focused on sales recorded immediately before the year- end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms set out in sales orders and delivery documents.

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 and Management Discussion and Analysis Report including Annexures and Corporate Governance Report, but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and, 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.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section134(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 thefinancial 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or 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 section143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

We communicate with those charged with governance of the Parent 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

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

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

   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 prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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, subsidiary company 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 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, its associates and joint ventures/ jointly controlled entities 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 incorporated in India.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 22, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **Sagar Cements Limited** (hereinafter referred to as "Parent") and its subsidiary company,which isincorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statementsin accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated 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, Parent and its subsidiary company, which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based onthe criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 22, 2019

SAGAR CEMENTS LIMITED

Consolidated Balance Sheet as on March 31, 2019

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	**1,17,832**	98,500
(b) Capital work-in-progress		**11,005**	12,538
(c) Goodwill		**3,873**	3,873
(d) Intangible assets	3	**2,710**	2,882
(e) Financial assets			
- Other financial assets	4	**2,084**	1,584
(f) Advance income tax	24	**102**	71
(g) Deferred tax assets (net)	24	**3,284**	3,188
(h) Other non-current assets	5	**1,346**	5,260
Total Non-current assets (1)		**1,42,236**	**1,27,896**
Current assets			
(a) Inventories	6	**14,501**	9,491
(b) Financial assets			
(i) Trade receivables	7	**11,561**	9,258
(ii) Cash and cash equivalents	8	**1,791**	4,100
(iii) Bank balances other than (ii) above	9	**1,159**	1,710
(iv) Other financial assets	4	**305**	382
(c) Other current assets	5	**4,558**	4,223
Total Current assets (2)		**33,875**	**29,164**
TOTAL ASSETS (1+2)		**1,76,111**	**1,57,060**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	10	**2,040**	2,040
(b) Other equity	11	**82,343**	75,880
Total Equity (1)		**84,383**	**77,920**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	**30,582**	32,972
(ii) Other financial liabilities	13	**5,459**	5,065
(b) Provisions	14	**730**	394
(c) Deferred tax liabilities (net)	24	**4,113**	4,030
(d) Other non-current liabilities	15	**229**	229
Total Non-current liabilities (2)		**41,113**	**42,690**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	**13,886**	11,526
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	26	**45**	3

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2019	As at March 31, 2018
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**20,339**	13,677
(iii) Other financial liabilities	13	**9,008**	5,077
(b) Provisions	14	**275**	228
(c) Current tax liabilities (net)	24	**756**	232
(d) Other current liabilities	15	**6,306**	5,707
Total Current liabilities (3)		**50,615**	**36,450**
Total Liabilities (4 = 2 + 3)		**91,728**	**79,140**
TOTAL EQUITY AND LIABILITIES (1 + 4)		**1,76,111**	**1,57,060**
Corporate information and significant accounting policies	1		
See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 22, 2019

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 22, 2019

SAGAR CEMENTS LIMITED

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	16	**1,21,755**	1,07,772
II	Other income	17	**288**	730
III	Total Income (I + II)		1,22,043	1,08,502
IV	**Expenses**			
	(a) Cost of materials consumed	18	**19,929**	14,194
	(b) Purchase of stock-in-trade		**2,595**	1,726
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	**1,356**	(1,409)
	(d) Excise duty	39	**-**	3,963
	(e) Employee benefit expenses	20	**5,875**	5,129
	(f) Finance costs	21	**6,339**	5,929
	(g) Depreciation and amortisation expense	22	**6,570**	5,362
	(h) Other expenses	23	**77,059**	69,041
	Total Expenses		**1,19,723**	**1,03,935**
V	Profit before tax (III - IV)		2,320	4,567
VI	**Tax expense**			
	(a) Current tax	24	**874**	1,641
	(b) Deferred tax	24	**87**	300
	Total Tax expense		**961**	**1,941**
VII	Profit after tax (V - VI)		1,359	2,626
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plan		**(286)**	(20)
	(b) Gain on sale of investments in unquoted equity instruments		**-**	1
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**100**	7
			(186)	**(12)**
IX	Total comprehensive income (VII + VIII)		1,173	2,614
X	**Earnings per share (Face value of ₹ 10 each)**			
	Basic and Diluted	32	**6.66**	12.87
	Corporate information and significant accounting policies	1		
	See accompanying notes forming part of the consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 22, 2019

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 22, 2019

SAGAR CEMENTS LIMITED

Consolidated statement of changes in equity for the year ended March 31, 2019

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at March 31, 2017	**2,040**
Changes in equity share capital during the year	-
Balance at March 31, 2018	**2,040**
Changes in equity share capital during the year	-
Balance at March 31, 2019	**2,040**

B. Other equity

Particulars	Surplus				Items of other comprehensive income		Money received against share warrants	Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income		
Balance as at March 31, 2017	**35**	**32,007**	**3,598**	**38,586**	**13**	**17**	**-**	**74,256**
Profit for the year	-	-	-	2,626	-	-	-	2,626
Dividend on equity shares (including tax)	-	-	-	(983)	-	-	-	(983)
Other comprehensive income for the year (net of tax ₹ 7)	-	-	-	-	-	(13)	-	(13)
Gain on sale of investments in unquoted equity instruments	-	-	-	-	1	-	-	1
Transfer from Reserve for equity instruments	-	-	-	14	(14)	-	-	-
Other adjustments	-	-	-	(7)	-	-	-	(7)
Balance as at March 31, 2018	**35**	**32,007**	**3,598**	**40,236**	**-**	**4**	**-**	**75,880**
Profit for the year	-	-	-	1,359	-	-	-	1,359
Dividend on equity shares (including tax)	-	-	-	(369)	-	-	-	(369)
Other comprehensive income for the year (net of tax ₹ 100)	-	-	-	-	-	(186)	-	(186)
Money received against share warrants (Refer Note 37)	-	-	-	-	-	-	5,658	5,658
Other adjustments	-	-	-	1	-	-	-	1
Balance as at March 31, 2019	**35**	**32,007**	**3,598**	**41,227**	**-**	**(182)**	**5,658**	**82,343**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 22, 2019

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 22, 2019

SAGAR CEMENTS LIMITED

Consolidated statement of cash flows for the year ended March 31, 2019

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
A.	**Cash flow from operating activities**				
	Profit/ (Loss) after tax for the year		**1,359**		**2,626**
	Adjustments for				
	Tax expense	**961**		1,941	
	Depreciation and amortization expense	**6,570**		5,362	
	Finance costs	**6,339**		5,929	
	Interest income	**(198)**		(650)	
	Liabilities no longer required written back	**(38)**		(64)	
	Expected credit loss allowance	**332**		99	
	Loss on sale of plant and equipments (net)	**60**		(7)	
	Incentives from government	**(473)**		-	
	Dividend income (₹ Nil for 2018-19 and ₹ 26,000 for 2017-18)	-		-	
	Unrealised gain on foreign currency transactions and translation	**(158)**	**13,395**	-	12,610
	Operating profit before working capital changes		**14,754**		**15,236**
	Changes in working capital:				
	Adjustments for (increase) / decrease in operating assets:				
	Trade receivables	**(2,635)**		(1,274)	
	Inventories	**(5,010)**		1,544	
	Other financial assets	**(503)**		272	
	Other assets	**(15)**	**(8,163)**	(313)	229
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**6,899**		(1,074)	
	Other financial liabilities	**(505)**		446	
	Provisions	**97**		162	
	Other liabilities	**599**	**7,090**	1,436	970
	Cash generated from operating activities		**13,681**		**16,435**
	Less: Income tax paid		**(381)**		**(1,442)**
	Net cash generated from operating activities		**13,300**		**14,993**
B	**Cash Flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances	**(19,537)**		(19,649)	
	Deposits not considered as cash and cash equivalents				
	- Placed	**(2,252)**		(1,483)	
	- Matured	**2,747**		910	
	Proceeds from disposal of plant and equipments	**26**		28	
	Proceeds from sale of investments	**-**		28	
	Dividend income (₹ Nil for 2018-19 and ₹ 26,000 for 2017-18)	**-**		-	
	Interest received	**334**		766	
	Net cash used in investing activities		**(18,682)**		**(19,400)**

All amounts are in ₹ lakhs unless otherwise stated

C	**Cash flow from financing activities**			
	Proceeds from issue of share warrants	**5,658**		-
	Proceeds from non-current borrowings	**4,234**		2,362
	Proceeds from loan from related party	**1,000**		-
	Repayment of loan from related party	**(100)**		-
	Advances to related parties (net)	**-**		12
	Repayment of non-current borrowings	**(3,524)**		(5,124)
	Proceeds/ (repayment) from current borrowings (net)	**2,360**		1,965
	Finance costs	**(6,184)**		(5,903)
	Dividend paid including tax	**(371)**		(983)
Net cash generated from/ (used in) financing activities			**3,073**	**(7,671)**
Net decrease in cash and cash equivalent (A+B+C)			**(2,309)**	**(12,078)**
Cash and cash equivalent at the beginning of the year			**4,100**	16,178
Cash and Cash equivalent at the end of the year (Refer Note below)			**1,791**	**4,100**
Note:				
Cash and cash equivalents comprises of:				
Cash in hand			**3**	3
Balances with banks			**88**	97
Deposits with banks			**1,700**	4,000
Cash and cash equivalents (Refer Note 8)			**1,791**	**4,100**

Reconciliations of liabilities from financing activities:

Particulars	As at April 01, 2018	Proceeds	Repayment	Fair value changes	As at March 31, 2019
Long-term borrowings (including current portion)	36,366	5,234	(3,624)	-	**37,976**
Short-term borrowings	11,526	2,360	-	-	**13,886**
Total liabilities from financing activities	**47,892**	**7,594**	**(3,624)**	**-**	**51,862**

Particulars	As at April 01, 2017	Proceeds	Repayment	Fair value changes	As at March 31, 2018
Long-term borrowings (including current portion)	39,128	2,362	(5,124)	-	36,366
Short-term borrowings	9,561	1,965	-	-	11,526
Total liabilities from financing activities	**48,689**	**4,327**	**(5,124)**	**-**	**47,892**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 22, 2019

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 22, 2019

1. Corporate information and significant accounting policies

(a) Corporate Information

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

(b) Significant accounting policies

(i) Statement of compliance

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

(ii) Basis of preparation and presentation

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

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

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

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

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

(iii) Use of estimates

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

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

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

(iv) Basis of consolidation

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

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

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

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

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

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

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

(v) Business combination

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

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

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

(vi) Goodwill

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

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

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

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

(vii) Revenue recognition

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 Group is entitled to, on grounds of prudence are accounted on admittance basis.

Dividend and interest income

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

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

(viii) Borrowing costs

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

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

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

(ix) Government grants

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.

(x) Employee benefits

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

Defined Contribution Plans

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

Defined Benefit Plans

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

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

Short-term employee benefits

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

(xi) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

(xii) Property, plant and equipment

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

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

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

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

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

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, 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.

(xiii) Intangible assets acquired separately

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

(xiv) Inventories

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

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

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

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

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

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

(xvi) Foreign currency transactions and translations

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

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

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

(xvii) Segment Reporting

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

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

(xviii) Financial Instruments

(A) Initial recognition

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

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

(B) Subsequent measurement

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

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

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

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

(C) De-recognition of financial assets and liabilities

a. **Financial assets:**

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

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

b. **Financial liabilities:**

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

(xix) Impairment of assets

a. **Financial assets:**

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

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

b. <u>Non-financial assets:</u>

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

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

(xx) Earnings per share

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

(xxi) Provisions

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

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

(xxii) Operating cycle

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

(xxiii) Recent accounting pronouncements

Standards issued but not yet effective:

Ind AS 116 Leases:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from April 01, 2019

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116.

2. Property, plant and equipment

All amounts are in ₹ lakhs unless otherwise stated

Particulars	As at March 31, 2019	As at March 31, 2018
Land - freehold	**9,793**	8,917
Land - restoration	**184**	196
Buildings	**18,924**	14,568
Plant and machinery	**74,895**	62,962
Furniture and fittings	**227**	171
Office and other equipment	**1,488**	1,055
Electrical installations	**5,847**	4,065
Computers	**64**	58
Vehicles	**592**	441
Railway siding	**5,818**	6,067
Total	**1,17,832**	**98,500**

For the year 2018-19

All amounts are in ₹ lakhs unless otherwise stated

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

For the year 2017-18

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

All amounts are in ₹ lakhs unless otherwise stated

3. Other Intangible assets

Particulars	As at March 31, 2019	As at March 31, 2018
Computer software	**24**	32
Mining rights	**2,686**	2,850
Total	**2,710**	**2,882**

For the year 2018-19

	Particulars	Computer software	Mining rights	Total
I.	**Gross block**			
	Opening Balance	**304**	**3,276**	**3,580**
	Add: Additions	-	-	-
	Closing Balance	**304**	**3,276**	**3,580**
II.	**Accumulated amortization**			
	Opening Balance	**272**	**426**	**698**
	Add: Amortisation expense	8	164	172
	Closing Balance	**280**	**590**	**870**
	Net block (I-II)			
	Carrying value as at March 31, 2019	**24**	**2,686**	**2,710**
	Carrying value as at March 31, 2018	32	2,850	2,882

For the year 2017-18

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

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019	As at March 31, 2018
4.	**Other financial assets (Unsecured, considered good)**		
	Non-current		
	Security deposits	**1,832**	1,388
	Balances held as margin money deposit against borrowings	**252**	196
	Total	**2,084**	**1,584**
	Current		
	Security deposits	**188**	103
	Loans and advances to employees	**42**	68
	Interest accrued but not due	**75**	211
	Total	**305**	**382**
	Total other financial assets	**2,389**	**1,966**
5.	**Other assets (Unsecured, considered good)**		
	Non-current		
	Capital advances	**1,175**	5,243
	Prepaid expenses	**171**	17
	Total	**1,346**	**5,260**
	Current		
	Advances to suppliers and service providers	**1,768**	922
	Advances to related parties	**2**	771
	Advances to others	**554**	48
	Prepaid expenses	**333**	201
	Balances with government authorities	**174**	1,027
	Excise duty refund receivable	**194**	194
	Incentives receivable from government (Refer Note 38)	**1,533**	1,060
	Total	**4,558**	**4,223**
	Total other assets	**5,904**	**9,483**
6.	**Inventories (at lower of cost and net realizable value)**		
	Raw materials	**971**	747
	Coal	**6,549**	2,384
	Work-in-progress	**1,502**	3,642
	Stores and spares	**1,925**	1,911
	Packing materials	**438**	317
	Finished goods	**1,184**	400
	Total (A)	**12,569**	**9,401**
	Goods-in-transit:		
	Raw materials	**9**	5
	Coal	**1,890**	55
	Packing materials	**31**	30
	Finished goods	**2**	-
	Total (B)	**1,932**	**90**
	Total inventories (A + B)	**14,501**	**9,491**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019	As at March 31, 2018
7.	**Trade receivables**		
	Trade receivables considered good - Secured	**656**	975
	Trade receivables considered good - Unsecured	**10,905**	8,283
	Trade receivables which have significant increase in credit risk	**-**	-
	Trade receivables - credit impaired	**527**	195
	Sub-total	**12,088**	**9,453**
	Less: Expected credit loss allowance	**(527)**	(195)
	Total trade receivables	**11,561**	**9,258**

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:

Age of receivables:

Particulars	As at March 31, 2019	As at March 31, 2018
Within the credit period	**8,061**	6,421
1-30 days past due	**1,493**	694
31-60 days past due	**425**	564
61-90 days past due	**457**	174
91-180 days past due	**381**	275
More than 180 days past due	**1,271**	1,325
Total	**12,088**	**9,453**
Movement in expected credit loss allowance		
Particulars	**2018-19**	**2017-18**
Balance at the beginning of the year	**195**	96
Add: Expected credit loss allowance	**332**	99
Balance at the end of the year	**527**	**195**

Note	Particulars	As at March 31, 2019	As at March 31, 2018
8.	**Cash and cash equivalents**		
	Cash in hand	**3**	3
	Balances with banks	**88**	97
	Deposits with banks	**1,700**	4,000
	Total cash and cash equivalents	**1,791**	**4,100**
9.	**Other bank balances**		
	Unpaid dividend account	**62**	64
	Deposits held as margin money/security for bank guarantees	**1,097**	1,646
	Total other bank balances	**1,159**	**1,710**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019 No. of shares	As at March 31, 2019 Amount	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount
10.	**Equity share capital**				
	Authorised: (Refer Note (d) below)				
	Equity shares of ₹ 10 each	**2,35,00,000**	**2,350**	2,20,00,000	2,200
	Issued, subscribed and fully paid-up:				
	Equity shares ₹ 10 each (Refer Note 37)	**2,04,00,000**	**2,040**	2,04,00,000	2,040

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

Particulars	As at March 31, 2019 No. of shares	As at March 31, 2019 Amount	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount
Opening balance	**2,04,00,000**	**2,040**	2,04,00,000	2,040
Shares issued	-	-	-	-
Closing balance	**2,04,00,000**	**2,040**	**2,04,00,000**	**2,040**

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

The Company has only one class of equity shares having a par value of ₹ 10 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, 2019 No. of shares	As at March 31, 2019 % of holding	As at March 31, 2018 No. of shares	As at March 31, 2018 % of holding
Late S. Veera Reddy	**16,43,795**	**8.06%**	16,43,795	8.06%
S. Aruna	**13,69,545**	**6.71%**	13,69,545	6.71%
Rachana Sammidi	**11,67,183**	**5.72%**	11,64,280	5.71%
Dr. S. Anand Reddy	**13,06,524**	**6.40%**	13,03,524	6.39%
S. Sreekanth Reddy	**12,38,753**	**6.07%**	12,38,753	6.07%
S. Vanajatha	**9,90,769**	**4.86%**	9,90,769	4.86%
HDFC Trustee Company Limited - HDFC Balanced Advantage fund	**13,06,000**	**6.40%**	14,16,000	6.94%
AVH Resources India Private Limited	**35,83,704**	**17.57%**	35,83,704	17.57%

(d) The shareholders of the Company in the extra-ordinary general meeting held on January 08, 2019 approved, by way of special resolution, increase in authorised share capital to ₹ 2,350 consisting of 235,00,000 equity shares of ₹ 10 each.

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2019	As at March 31, 2018
11	Other equity		
	Capital reserve	**35**	35
	Securities premium	**32,007**	32,007
	General reserve	**3,598**	3,598
	Reserve for equity instruments	-	-
	Retained earnings	**41,227**	**40,236**
	Other items for other incomprehensive income	**(182)**	4
	Money received against share warrants	**5,658**	-
	Total other equity	82,343	75,880

Movement in other equity is as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Capital reserve	**35**	**35**
Securities premium	**32,007**	**32,007**
General Reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	**40,236**	38,586
(ii) Profit for the year	**1,359**	2,626
(iii) Other adjustments	**1**	(7)
(iv) Transfer from Reserve for equity instruments	-	14
	41,596	**41,219**
Less: Appropriations		
(i) Dividend on equity shares	**306**	817
(ii) Tax on dividend	**63**	166
	41,227	**40,236**
Reserve for equity instruments		
(i) Opening Balance	-	13
(ii) Gain on sale of investments in unquoted equity instruments	-	1
(iii) Transfer to Retained earnings	-	(14)
	-	**-**
Other items of other comprehensive income		
(i) Opening Balance	**4**	17
(ii) Other comprehensive income for the year	**(186)**	(13)
	(182)	**4**
Money received against share warrants (Refer Note 37)	**5,658**	**-**
Total	**82,343**	**75,880**

Nature of reserves:

(a) Capital Reserve

This represents subsidies received from the government.

(b) Securities premium

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

(c) General reserve

This represents appropriation of profit by the company

All amounts are in ₹ lakhs unless otherwise stated

(d) Retained earnings

Retained earnings comprises of undistributed earnings after taxes.

(e) Reserve for equity instruments

This represents fair valuation of equity instruments which is routed through other comprehensive income.

(f) Other items of other comprehensive income

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

(g) Money received against share warrants

This represents the moneys received against the share warrants alloted during the current year.

Note	Particulars	As at March 31, 2019	As at March 31, 2018
12.	**Non current borrowings* (Secured, at amortised cost)**		
	Debentures (Refer Note (ii) below)	**12,692**	15,000
	Term Loans (Refer Note (i) below)	**17,890**	17,972
	Total non-current borrowings	**30,582**	**32,972**
	*Current maturities of non-current borrowings are disclosed under the head "Other financial liabilities".		

Note (i):

As at March 31, 2019

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

As at March 31, 2018

Particulars	Loan outstanding	Terms of repayment	Rate of interest
ICICI Bank Limited (Refer Note 1 below)	5,233	19 quarterly instalments	9.00%
Yes Bank Limited (Refer Note 2 below)	2,500	60 monthly instalments	9.95%
Yes Bank Limited (Refer Note 2 below)	4,642	29 quarterly instalments	11.05%
Yes Bank Limited (Refer Note 3 below)	3,448	25 quarterly instalments	10.65%
Yes Bank Limited (Refer Note 3 below)	400	16 quarterly instalments	9.95%
Yes Bank Limited (Refer Note 3 below)	499	28 quarterly instalments	9.95%
State Bank of India (Refer Note 4 below)	3,999	32 quarterly instalments	9.50%
Vehicle loans from various banks/ financial institutions (Refer Note 5 below)	586	4-32 monthly instalments	9.00% to 12.50%
Less: Current maturities of non-current borrowings	(3,335)		
	17,972		

Notes:

1. Term loan is secured by pari-passu charge on the property, plant & equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the Company and are guaranteed by Late S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director.
2. Term loan is secured by pari-passu charge on the property, plant and equipment owned by or belonging to the borrower company both present and future, 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 near Vishakhapatnam, Andhra Pradesh both present and future and is guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
4. Term loan is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by Dr. S. Anand Reddy - Managing Director and S. Sreekanth Reddy - Joint Managing Director.
5. Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

Note (ii):

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

Particulars	As at March 31, 2019	As at March 31, 2018
Current borrowings (Secured, amortised at cost)		
Loans repayable on demand		
Cash credit facilities (Refer Notes below)	**13,886**	11,526
Total current borrowings	**13,886**	**11,526**

Notes:

1. The Company has availed cash credit facilities from State bank of India. This facility is secured against all current assets, present and future, and by second charge on the entire property, plant and equipment of the Company including land and building, excluding Bayyavaram plant and Mattampally WHR plant and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 9.45% p.a. to 10.25% p.a. (2017-18: 7.65% p.a. to 13.20% p.a.)
2. The Company has availed cash credit facilities from Yes Bank Ltd. This facility is secured against all current assets, present and future, and by second charges on the property, plant and equipment of the Company (excluding WHR unit) and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 10.80% p.a. to 11.45% p.a. (2017-18: 7.65% p.a. to 13.20% p.a.)
3. The Company has availed cash credit facilities from HDFC Bank Ltd. This facility is secured by post dated cheques aggregating ₹ 3,500 from any working capital banker and personal guarantee by S. Sreekanth Reddy, Joint Managing Director. The loans are repayable on demand and carries interest @ 8.10% p.a. to 9.30% p.a. (2017-18: ₹ Nil).
4. The Company has availed cash credit facilities from State bank of India. This facility is secured against all current assets, present and future, and by second charge on entire property, plant and equipment of the Company including land and building and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy,

All amounts are in ₹ lakhs unless otherwise stated

Director. The loans are repayable on demand and carries interest @ 10.45% p.a. to 11.05% p.a. (2017-18: 12.50% p.a. to 15.10% p.a.).

5. The Company has availed cash credit facilities from Yes Bank Ltd. This facility is secured against property, plant and equipment (movable and immovable, including mining land) of the Company, present and future, second charge on all the current assets of the Company, and personal guarantee by Dr. S. Anand Reddy, Managing Director and S. Sreekanth Reddy, Director and corporate guarantee of Sagar Cements Limited.The loans are repayable on demand and carries interest @ 10.40% p.a. to 11.45% p.a. (2017-18: 12.50% p.a. to 15.10% p.a.).

Note	Particulars	As at March 31, 2019	As at March 31, 2018
13	**Other financial liabilities**		
	Non-current		
	Security deposits received	**4,501**	5,006
	Loans from related party	**900**	-
	Loan from others	**58**	59
	Total	**5,459**	**5,065**
	Current		
	Current maturities of non-current borrowings	**6,436**	3,335
	Interest accured but not due on borrowings	**898**	743
	Unpaid dividends	**62**	64
	Payables on purchase of property, plant and equipment	**1,612**	935
	Total	**9,008**	**5,077**
	Total other financial liabilities	**14,467**	**10,142**
14.	**Provisions**		
	Gratuity (Refer Note 28)	**710**	340
	Compensated absences (Refer Note 28)	**295**	282
	Total provisions	**1,005**	**622**
	Non-current		
	Gratuity	**506**	191
	Compensated absences	**224**	203
	Total	**730**	**394**
	Current		
	Gratuity	**204**	149
	Compensated absences	**71**	79
	Total	**275**	**228**
15.	**Other liabilities**		
	Non current		
	Liability for land restoration	**229**	229
	Total	**229**	**229**
	Current		
	Advance from customers	**3,913**	3,245
	Statutory remittances	**2,393**	2,462
	Total	**6,306**	**5,707**
	Total other liabilities	**6,535**	**5,936**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
16.	**Revenue from operations**		
	Revenue from		
	- Sale of cement (Refer Note 39)	**1,20,493**	1,06,964
	- Sale of power	**539**	576
	Other operating income		
	- Sale of scrap	**153**	172
	- Incentives from government (Refer Note 38)	**473**	60
	- Insurance claims	**69**	-
	- Others	**28**	-
	Total revenue from operations	**1,21,755**	**1,07,772**
17.	**Other income**		
	Interest Income on financial assets at amortized cost	**198**	650
	Profit on sale of property, plant & equipment	**-**	7
	Liabilities no longer required written back	**38**	64
	Net gain on foreign currency transactions and translation	**52**	-
	Others	**-**	9
	Total other income	**288**	**730**
18.	**Cost of materials consumed**		
	Opening stock	**745**	806
	Add: Purchases	**20,155**	14,133
	Less: Closing stock	**971**	745
	Total cost of materials consumed	**19,929**	**14,194**
	Details of materials consumed		
	Limestone (including clinker transportation)	**9,564**	6,760
	Slag	**2,831**	919
	Laterite	**2,502**	2,648
	Iron-ore sludge	**1,146**	846
	Gypsum	**1,950**	1,624
	Fly ash	**1,846**	1,397
	Others	**90**	-
	Total	**19,929**	**14,194**
19.	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Inventories at the beginning of the year:		
	Finished goods	**400**	582
	Work-in-progress	**3,642**	2,051
		4,042	**2,633**
	Inventories at the end of the year:		
	Finished goods	**1,184**	400
	Work-in-progress	**1,502**	3,642
		2,686	**4,042**
	Net decrease/ (increase)	**1,356**	**(1,409)**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
20.	**Employee benefit expenses**		
	Salaries and wages, including bonus	**4,674**	4,409
	Contribution to provident and other funds	**442**	369
	Staff welfare expenses	**759**	351
	Total employee benefit expenses	**5,875**	**5,129**
21.	**Finance costs**		
	Interest expense	**5,802**	5,270
	Less: Amounts included in the cost of qualifying assets	**(303)**	(87)
	Other borrowing cost	**840**	746
	Total finance cost	**6,339**	**5,929**
22.	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	**6,398**	5,352
	Amortization of intangible assets	**172**	10
	Total depreciation and amortization	**6,570**	**5,362**
23.	**Other expenses**		
	Coal consumed	**30,959**	28,198
	Power	**5,317**	4,947
	Packing materials consumed	**5,391**	4,423
	Stores and spares consumed	**2,524**	2,929
	Repairs and maintenance		
	- Plant & equipment	**1,854**	1,528
	- Buildings	**94**	15
	- Others	**732**	584
	Freight and forwarding expenses	**25,246**	21,793
	Selling expenses	**2,247**	2,596
	Expected credit loss allowance	**332**	99
	Rent	**277**	221
	Insurance	**230**	212
	Rates and taxes	**224**	236
	Expenditure on corporate social responsibility	**122**	95
	Payment to auditors (Refer Note (i) below)	**53**	40
	Travelling and conveyance	**410**	321
	Security services	**248**	224
	Donations and contributions	**52**	43
	Legal and other professional charges	**586**	520
	Administrative expenses	**213**	209
	Printing and stationery	**39**	42
	Communication	**74**	76
	Net Loss on foreign currency transations and translation	**-**	1
	Loss on sale of plant and equipments	**60**	-
	Decrease of excise duty on inventory (Refer Note (ii) below)	-	(58)

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
	Miscellaneous expenses	**34**	52
	Captive consumption of cement	**(259)**	(305)
	Total other expenses	**77,059**	**69,041**
	Notes:		
	(i) Payment to auditors (net of taxes) comprises:		
	For audit	36	28
	For limited reviews	12	10
	For other services	3	1
	Reimbursement of expenses	2	1
	Total	**53**	**40**
	(ii) Consequent to implementation of Goods and Services tax effective from July 01, 2017, excise duty on opening stock of finished goods as at April 01, 2017 has been reversed.		

Note	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
24.	**Income tax expense**		
	(a) Income tax recognized in the statement of profit and loss		
	Current tax:		
	In respect of the current year	874	1,641
		874	**1,641**
	Deferred tax		
	In respect of current year origination and reversal of temporary differences	**961**	1,060
	MAT Credit	**(874)**	(760)
		87	**300**
	Total tax expense	**961**	**1,941**
	(b) Reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:		
	Profit before tax	**2,320**	**4,567**
	Indian Statutory Income Tax Rate	**34.94%**	34.94%
	Expected income tax expense	**811**	**1,596**
	Tax effect of expenses that are not deductible in determining taxable profit	**150**	**345**
	Total Income tax expense	**961**	**1,941**

All amounts are in ₹ lakhs unless otherwise stated

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

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

Movement in deferred tax assets and liabilities for the year 2017-18:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	(Recognized) / reversed through other comprehensive income	Recognized directly in equity	Credit utilised	Reclassified from equity to the statement of profit and loss	Closing balance
Property, plant and equipment and intangible assets	12,382	2,583	-	-	-	-	14,965
Provision for employee benefits	(219)	6	7	-	-	-	(206)
Expected credit loss allowance	(22)	(44)	-	-	-	-	(66)
MAT credit entitlement	(2,230)	(760)	-	-	-	-	(2,990)
Carry forward of unabsorbed depreciation and business losses	(9,174)	(1,490)	-	-	-	-	(10,664)
Others	(197)	-	-	-	-	-	(197)
Total Deferred tax liability (Net)	**540**	**295**	**7**	**-**	**-**	**-**	**842**

(d) Gross deferred tax assets and liabilities are as follows:

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

All amounts are in ₹ lakhs unless otherwise stated

As at March 31, 2018	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(7,525)	7,440	14,965
Provision for employee benefits	33	(173)	(206)
Expected credit loss allowance	16	(50)	(66)
MAT credit entitlement	-	(2,990)	(2,990)
Carry forward of unabsorbed depreciation and business losses	10,664	-	(10,664)
Others	-	(197)	(197)
Total	**3,188**	**4,030**	**842**

(e) Current tax assets and liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax	**102**	71
Current tax liabilities	**(756)**	(232)
Net current tax liabilities	**(654)**	**(161)**

25. 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, 2019	As at March 31, 2018
Direct taxes related	**636**	1,798
Indirect taxes related	**1,096**	2,348
Others	**428**	428

(ii) The Finance Minister of Government of India has announced, in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the Company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,612 (As at March 31, 2018: ₹ 1,145) from July 2010 to March 2016. The Department of Central Excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 1,601 was reversed, but under protest.The balance of ₹ 11 pertains to penalty imposed by the department and disclosed in contingent liabilities under indirect taxes.The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the Company.

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

b) Corporate Guarantees:

The Company has furnished a corporate guarantee of 15,000 to IDBI Trusteeship Services Limited to secure the 1,500 Non-Convertible Debentures (₹ 10 lakhs each) aggregating to ₹ 15,000 (2017–18: ₹ 15,000) issued by its wholly owned subsidiary, Sagar Cements (R) Limited, to International Finance Corporation and a further guarantee to secure the credit facilities and term loans aggregating ₹ 6,000 (2017–18: ₹ 6,000) availed by the said subsidiary from its lenders.

All amounts are in ₹ lakhs unless otherwise stated

c) **Capital Commitment:**

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	**666**	11,358

26. 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, 2019	As at March 31, 2018
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	**45**	3
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 as a deductible expenditure under section 23 of the Act.	**-**	-

27. Financial Instruments:

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

A) Capital Management

The group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The capital structure of the group consists of net debt (borrowings as detailed in Notes 12& 13 offset by cash and bank balances) and total equity of the group. The group is not subject to any externally imposed capital requirements. The group's management reviews the capital structure of the group on a monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

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

Description	As at March 31, 2019	As at March 31, 2018
Debt (Refer Note below)	**51,862**	48,635
Cash and bank balances	**2,950**	5,810
Net debt	**48,912**	42,825
Total equity	**84,383**	77,920
Net debt to equity ratio	**0.580**	0.550

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

All amounts are in ₹ lakhs unless otherwise stated

B) Financial Assets and Liabilities:

The carrying value and fair value of financial instruments by categories as at March 31, 2019 and March 31, 2018 is as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Assets		
Measured at amortised cost		
(i) Trade receivables	**11,561**	9,258
(ii) Cash and cash equivalents	**1,791**	4,100
(iii) Other bank balances	**1,159**	1,710
(iv) Other financial assets	**2,389**	1,966
Total Financial assets	**16,900**	**17,034**

Particulars	As at March 31, 2019	As at March 31, 2018
Financial liabilities		
Measured at amortised cost		
(i) Borrowings	**50,904**	47,834
(ii) Tade payables	**20,384**	13,680
(iii) Other financial liabilities	**8,031**	6,807
Total Financial liabilities	**79,319**	**68,321**

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

C) Financial risk management objectives:

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

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

i) Market risk:

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

Interest rate risk management:

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

Interest rate sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group's: Profit for the year ended March 31, 2019 would decrease/increase by ₹ 257(for the year ended

All amounts are in ₹ lakhs unless otherwise stated

March 31, 2018: decrease/increase by ₹ 242). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

ii) Credit risk management:

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

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

D) Liquidity Risk Management:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilised credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2019 and March 31, 2018. 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, 2019	As at March 31, 2018
Secured bills acceptance facility, reviewed annually		
- amount used	**4,292**	2,607
- amount unused	**6,208**	1,093
Total	**10,500**	**3,700**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	**13,886**	11,526
- amount unused	**3,314**	4,674
Total	**17,200**	**16,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	**22,019**	21,307
- amount unused	**16**	4,000
Total	**22,035**	**25,307**
Secured non-convertible debentures		
- amount used	**15,000**	15,000
- amount unused	-	-
Total	**15,000**	**15,000**

All amounts are in ₹ lakhs unless otherwise stated

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

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

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2018 are as follows:

Particulars	< 1 Year	1 – 2 years	> 2 years
Trade Payables	13,681	-	-
Other financial liabilities	1,742	333	4,732
Borrowings (including current maturities of non-current borrowings)	14,861	5,715	27,253

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

Currency	No. of contracts	Amount in foreign currency	Amount in ₹	Buy/ Sell	Cross currency
USD	4	51,01,783	3,589	Buy	Rupees

28. 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 ₹ 265 (2017–18: ₹ 238).

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 ₹ 33 (2017–18: ₹ 34).

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 ₹ 10 (2017–18: ₹ 14).

(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.

All amounts are in ₹ lakhs unless otherwise stated

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, 2019 and March 31, 2018:

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Mortality table (LIC)	**IALM 2012-14 (ultimate)**	IALM 2006-08 (Mod.) (ultimate)
Discounting rate	**7.65%**	8%
Expected rate of return on plan asset	**7.80%/8.09%**	7.65% / 8.05%
Expected average remaining working lives of employees	**15.57 years**	16.05 years
Rate of escalation in salary	**10%**	5%
Attrition rate	**10%**	4%

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	**119**	81
Interest expense	**59**	52
Expected return on plan assets	**(34)**	(36)
Defined benefit cost included in profit and loss	**144**	**97**
Re-measurement effects recognized in Other Comprehensive Income (OCI):		
Actuarial loss	**286**	20
Components of defined benefit costs recognized in OCI	**286**	**20**

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Present value of funded defined benefit obligations	**1,174**	816
Fair value of plan assets	**(464)**	(476)
Net liability arising from defined benefit obligation	**710**	340

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Defined benefit obligation at the beginning of the year	**816**	718
Current service cost	**119**	81
Interest cost	**59**	52
Re-measurements - Actuarial loss	**286**	17
Benefits paid out of plan assets and by employer	**(106)**	(52)
Defined benefit obligation at the year end	**1,174**	**816**

e) **Maturity profile of defined benefit obligation:**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Within 1 year	**205**	149
1 – 2 years	**162**	110
2 – 3 years	**150**	62
3 – 4 years	**124**	126
4 – 5 years	**124**	64
5 – 10 years	**493**	342

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening fair value of the plan assets	**476**	482
Expected return on plan assets	34	**37**
Contributions from the employer	**43**	11
Benefits paid out of plan assets	(89)	**(52)**
Re-measurement – Actuarial loss	**-**	(3)
Acquisition Adjustment/ New Policy/Premium Expenses	**-**	1
Fair value of plan asset at the year end	**464**	**476**

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, 2019		For the year ended March 31, 2018	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	**1,089**	**1,208**	742	828
Effect of 1% change in assumed salary rate	**1,208**	**1,086**	831	738
Effect of 1% change in assumed attrition rate	**1,138**	**1,153**	790	774

The Company is expected to contribute ₹ 341 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.

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount Rate	**7.65%**	8%
Salary escalation rate	**10%**	5%
Attrition rate	**10%**	4%
Mortality tables	**IALM 2012-14 (ultimate)**	IALM 2006-08 (Mod.) (ultimate)

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

29. 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	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Revenue	**1,21,220**	107,195	**8,377**	7,690	**1,29,597**	114,885
Less: Inter-segment revenue	**-**	-	**7,842**	7,113	**7,842**	7,113
Total	**1,21,220**	**107,195**	**535**	**577**	**1,21,755**	**107,772**
Segment result	**9,051**	10,263	**(680)**	(497)	**8,371**	9,766
Unallocable:						
- Finance Costs					**6,339**	5,929
- Interest income					(288)	(730)
Profit before taxes					**2,320**	**4,567**
Tax expense					**(961)**	(1,941)
Profit/ (Loss) for the year					**1,359**	**2,626**

Particulars	Manufacturing of cement		Power generation		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Segment assets	**1,52,305**	1,30,858	**13,270**	12,853	**1,65,575**	143,711
Un-allocable assets					**10,536**	13,349
Total assets					**1,76,111**	**157,060**
Segment liabilities	**32,955**	25,503	**1,082**	735	**34,037**	26,238
Un-allocable liabilities					**57,691**	52,902
Total liabilities					**91,728**	**79,140**

All amounts are in ₹ lakhs unless otherwise stated

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, 2019 and March 31, 2018.

30. Related Party Disclosures:

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

Name	Relationship
Key managerial personnel (KMP)	
Swaminatha Reddy Onteddu	Chairman of the Board of Directors
Late S. Veera Reddy	Managing Director (MD) upto September 28, 2018
Dr. S. Anand Reddy	Managing Director (MD)
S. Sreekanth Reddy	Joint Managing Director (JMD)
Kolappa Thanu Pillai	Director
T. Nagesh Reddy	Nominee Director
Valliyur Hariharan Ramakrishnan	Director
Rachana Sammidi	Director
John Eric Fernand Pascal Cesar Bertrand	Director
S. Sahithi	Executive Director (ED) in subsidiary
K. Prasad	Chief Financial Officer (CFO)
R. Soundararajan	Company Secretary (CS)
Relatives of KMP:	
S. Vanajatha	Wife of Late Shri. S. Veera Reddy
Panchavati Polyfibres Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagar Power Limited	Enterprise where KMP along with their relatives exercise significant influence
RV Consulting Services Private Limited	Enterprise where KMP along with their relatives exercise significant influence
Sagarsoft (India) Limited	Enterprise where KMP along with their relatives exercise significant influence

Note:

Dr. S. Anand Reddy is appointed as Managing Director and S. Sreekanth Reddy is appointed as Joint Managing Director, effective October 31, 2018. The appointments are for a term of 3 years and the remuneration is approved by the shareholders by passing a special resolution in the extra ordinary general meeting held on January 8, 2019.

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

Nature of Transaction	Party Name	Year Ended March 31, 2019	Year Ended March 31, 2018
Purchase of raw materials	Panchavati Polyfibres Limited	**5,208**	4,965
Purchase of property, plant and equipment	Sagar Power Limited	**2,648**	-
Purchase of stores	Sagar Power Limited	**42**	-
Rent expenses paid	Dr. S. Anand Reddy	**39**	29
	S. Sreekanth Reddy	**39**	28
	S. Vanajatha	**39**	28
	Total	**117**	**85**

All amounts are in ₹ lakhs unless otherwise stated

Nature of Transaction	Party Name	Year Ended March 31, 2019	Year Ended March 31, 2018
Interest expense on loan	Sagar Power Limited	**76**	-
Services received	Sagarsoft (India) Limited	**42**	40
	RV Consulting Services Private Limited	**1,612**	2,121
	Total	**1,654**	**2,161**
Reimbursement of expenses received	Sagarsoft (India) Limited	**17**	12
	RV Consulting Services Private Limited	**4**	9
	Sagar Power Limited	**-**	10
	Total	**21**	**31**
Dividend income	Panchavati Polyfibres Limited (₹ 26,000 received in the previous year)	**-**	-
Repayment of advances given	RV Consulting Services Private Limited	**-**	50
Repayment against loan taken	Sagar Power Limited	**100**	-
Receipt of advance given	RV Consulting Services Private Limited	**60**	-

Compensation to key managerial personnel:

Nature of Transaction	Party Name	For the year ended March 31, 2019	March 31, 2018
Short-term benefits	MD, JMD, ED, CS and CFO	**698**	789
Other benefits	Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	**108**	67

Outstanding balances:

Nature of the balance	Party Name	As at March 31, 2019	As at March 31, 2018
Advances & deposits given	Sagar Power Limited	**12**	767
	RV Consulting Services Private Limited	**-**	4
	Sagarsoft (India) Limited	**1**	-
	Total	**13**	**771**
Trade payables	Sagarsoft (India) Limited	**-**	1
	Panchavati Polyfibres Limited	**415**	560
	Total	**415**	**561**
Interest payable	Sagar Power Limited	24	**-**
Payable on purchase of property, plant & equipment	RV Consulting Services Private Limited	**650**	-
Rent payable	Dr. S. Anand Reddy	4	2
	S. Sreekanth Reddy	4	2
	S. Vanajatha	4	2
	Total	**12**	**6**

31. Operating Lease

The Group has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease expense recognized in the Statement of Profit and Loss aggregate ₹ 277 (2017–18: ₹ 221).

All amounts are in ₹ lakhs unless otherwise stated

32. Earnings per Share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit after tax (₹ in lakhs)	**1,359**	2,626
Weighted average number of equity shares outstanding (Refer Note below)	**20,400,000**	20,400,000
Earnings per share:		
Basic and Diluted (in ₹)	**6.66**	12.87

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

33. Corporate Social Responsibility (CSR) activities:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities are covered under Schedule VII to the Companies Act, 2013. The Company has spent an amount of ₹ 122 (2017–18: ₹ 95) towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under 'Other Expenses'.

34. The Group has certain mining leases granted by the Government for limestone mining in Pedaveedu Village, Mattampally up to August 17, 2034 and in Gudipadu Village, Tadipatri upto December 14, 2035.

35. During the year 2016-17, the Company had raised amounts of ₹ 4,896 and ₹ 17,280 through preferential issue of equity shares and Qualified Institutional Placement (QIP) issue respectively. The objective of raising funds through preferential and QIP issue was to meet the capital expenditure requirements for expansion of the grinding unit in Bayyavaram to 1.5 million MT and to setting up a coal based captive power unit of 18 MW capacity at its plant in Mattampally, Nalgonda District, for other general corporate purposes and any other purposes as may be permissible under applicable law. The entire amount was utilized for the purposes for which funds were raised.

36. Pursuant to an Asset Purchase Agreement with Sagar Power Limited (SPL), the Company has acquired the assets of two hydel power plants of SPL having a combined capacity of 8.3 MW for its captive consumption, effective April 5, 2018 for a total consideration of ₹ 2,690.

37. Pursuant to the approval accorded by the shareholders in the Extraordinary General Meeting held on January 08, 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.

The proceeds of the above issue will be utilized for the company's investment 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. The Company received 25% of the consideration of ₹ 5,658 upon allotment of warrants as at the balance sheet date and recognized as Money received against share warrants under 'Other equity'. A part of the amount was utilized for the purpose for which it was raised and the balance amount is invested in term deposits with bank, pending utilization, as at March 31, 2019.

The Company acquired 100% equity stake in JCPL on May 02, 2019 for a consideration of ₹ 450.The Company has invested an amount of ₹ 289 in SCPL on May 08, 2019, for acquiring 28,97,143 equity shares (face value of ₹ 10 each) on preferential basis, which constitutes 65% equity stake in SCPL. The premium of ₹ 14,710 will be paid based on progress of the project. These companies have become subsidiaries of the Company, subsequent to the balance sheet date.

38. 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 from the current year. Such reimbursements are in the nature of government grants and recognized income aggregating ₹ 473 under 'Other operating income'.

All amounts are in ₹ lakhs unless otherwise stated

39. The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, in compliance with Indian Accounting Standards, Revenue from operations for the year ended March 31, 2019 is net of GST. For the year ended March 31, 2018, Revenue from operations includes excise duty for April 2017 to June 2017 which is now subsumed in GST.

40. The Board of Directors have recommended a dividend of ₹ 2.50 per equity share (2017-18: ₹ 1.50) of ₹ 10 each. The Company has also paid an interim dividend of ₹ Nil (2017-18: ₹ 2.50) per share.

41. These consolidated financial statements were approved by the Company's Board of Directors on May 22, 2019.

42. 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, 2019:

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

As at and for the year ended March 31, 2018:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount
Sagar Cements Limited (Parent)	106%	82,383	188%	4,939	167%	(20)	188%	4,919
Sagar Cements (R) Limited (Subsidiary)	9%	7,368	(82)%	(2,147)	(67)%	8	(82)%	(2,139)
Adjustments arising out of consolidation	(15)%	(11,831)	(6)%	(166)	-	-	(6)%	(166)
Total	**100%**	**77,920**	**100%**	**2,626**	**100%**	**(12)**	**100%**	**2,614**

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 22, 2019

SAGAR CEMENTS LIMITED

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033
CIN : L26942TG1981PLC002887
Tel.No.: +91-40-23351571 Fax No.: +91-40-23356573 E-mail: info@sagarcements.in Website: www.sagarcements.in

ATTENDANCE SLIP

38th ANNUAL GENERAL MEETING ON WEDNESDAY, THE 24th July, 2019 AT 4.00 P.M.
at Hotel Golkonda, Masab Tank, Hyderabad-500 028

Folio No.	DP ID No.	Client ID No.

I/We hereby record my/our present at the Thirty Eighth Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 4.00 p.m. on Wednesday, the 24th July, 2019.

Name of the Member : ______________________ Signature : ______________________

Name of the Proxyholder : ______________________ Signature : ______________________

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

SAGAR CEMENTS LIMITED

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CIN : L26942TG1981PLC002887
Tel.No.: +91-40-23351571 Fax No.: +91-40-23356573 E-mail: info@sagarcements.in Website: www.sagarcements.in

PROXY FORM

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

Name of the Member (s) : ______________________

Registered address : ______________________

E-mail Id : ______________________

Folio No. / Client ID No. : ______________________ DP ID No.______________________

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

1. Name: ______________________ Email ID: ______________________

   Address: ______________________

   ______________________ Signature ______________________ or failing him;

2. Name: ______________________ Email ID: ______________________

   Address: ______________________

   ______________________ Signature ______________________ or failing him;

3. Name: ______________________ Email ID: ______________________

   Address: ______________________

   ______________________ Signature ______________________

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Eighth Annual General Meeting of the Company to be held on **Wednesday, the 24th July, 2019 at 4.00 p.m.** at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof in respect of such resolutions as are indicated below:

P.T.O.

Sl. No.	Description of Resolutions
1	Adoption of audited stand-alone and consolidated financial statements, report of the directors and auditors for the year ended 31st March, 2019 as detailed in Item No.1 of the Notice of the AGM.
2	Declaration of dividend as detailed in Item No.2 of the Notice of the AGM.
3	Re-appointment of Shri S.Sreekanth Reddy, as a Director liable to retire by rotation as detailed in Item No.3 of the Notice of the AGM.
4	Re-appointment of Mrs.S.Rachana, as a Director liable to retire by rotation as detailed in Item No.4 of the Notice of the AGM.
5	Ratification of remuneration payable to the cost auditors as detailed in Item No.5 of the Notice of the AGM.
6	Consent under Regulation 23 (4) and other applicable Regulatlions of SEBI (LODR) Regulations, 2015 for the material related party transaction as detailed in Item No.6 of the Notice of the AGM in respect of the Satguru Cement Private Limited, a Subsidiary Company.

Signed this _____ day of ______________ 2019

Please affix Re. 1/- Revenue Stamp

Signature of shareholder ___________________ Signature of Proxyholder(s) _______________________

Note:

1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a member of the Company.
3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 38th Annual General Meeting of the Company.
4. A holder may vote either for or against each resolutions listed above.

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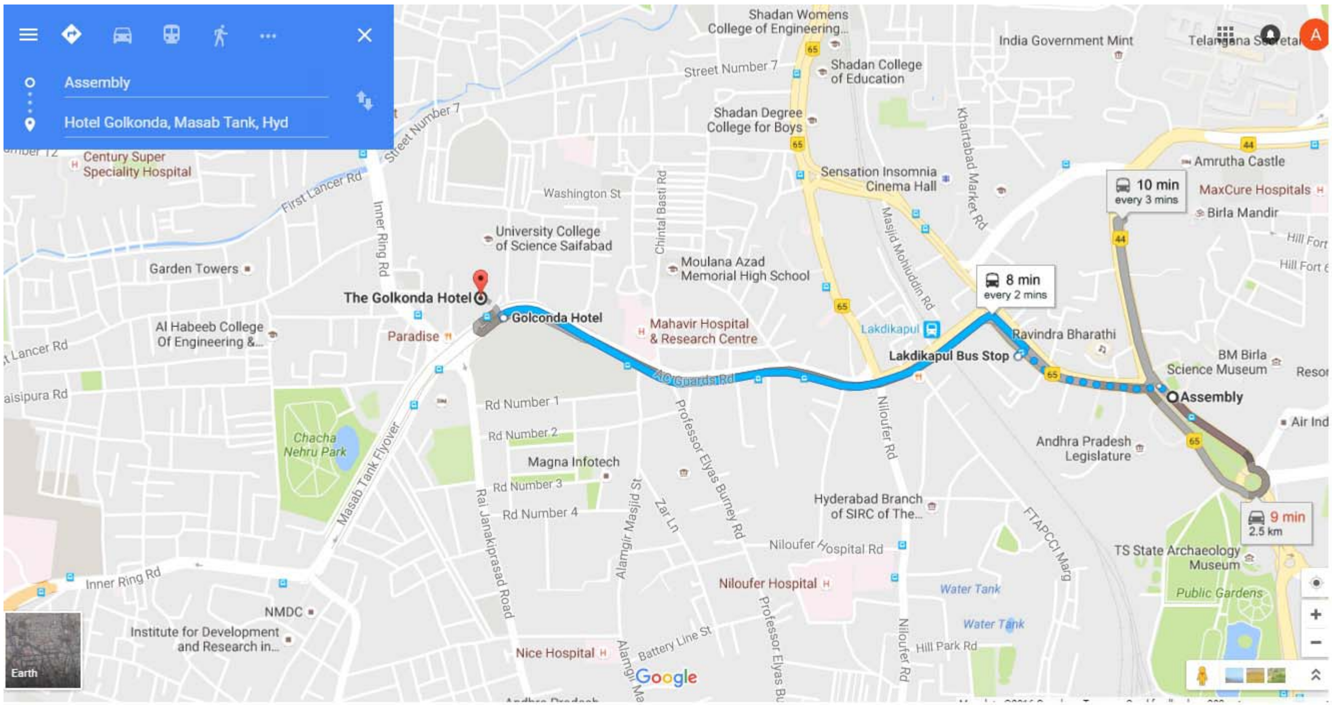
ROUTE MAP FOR AGM



SAGAR CEMENTS LIMITED

CIN : L26942TG1981PLC002887

Registered Office :
Plot No.111, Road No.10, Jubilee Hills,
Hyderabad-500 033, Telangana, India
Tel: 040 - 23351571
Fax: 040 - 23356573
www.sagarcements.in

SAGAR CEMENTS LIMITED

Ref:SCL:SEC:2020-21 27th July 2020

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
BSE Limited
P J Towers
Dalal Street
Mumbai – 400 001

Scrip Code: 502090

Dear Sirs

Sub: Intimation under Regulation 30 of SEBI (LODR) Regulations 2015

***

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are forwarding herewith Sustainability Report of our company which has just been released for the year 2018-19.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary

SAGAR
CEMENT

Sustainability Report FY 2018-19

Our Vision

To provide foundations for society's future

Our Mission

To be India's most respected and attractive company in our industry & creating value for all our stakeholders.

Report at a Glance

This is the company's First Sustainability Report; it marks the beginning of a formal process to communicate the Sustainability performance of Sagar Cements Ltd. to its stakeholders. This report has been prepared in accordance with the GRI Standards: Core option.

The information pertains to the period 1st April 2018 to 31st March 2019. The data in the report is limited to the company's manufacturing plant at Mattampally Suryapet District, Telangana.

Although Sagar Cements has internal mechanisms to ensure the reliability of the data, the report has been assured by Libero Assurance (Libero') thereby enhancing the credibility of the disclosures in the report. Libero Assurance (Libero') is an independent third party that has no financial interest in the operations of Sagar Cements Ltd. other than for the assessment and assurance of this report. The assurance statement thus issued has been included in the report. The company's Top Management has been proactively involved in the assurance process.

Being the first Sustainability Report, no restatements have been made.

Continuing with its commitment to sustainable development, Sagar Cements will henceforth produce the sustainability report, periodically aligning with its reporting cycle to the extent possible. For your suggestions and feedback, kindly write to us at info@sagarcements.in

The development of Sustainability Report for FY 2018-19, is supported by International Finance Corporation (IFC) - a sister organization of the World Bank and member of the World Bank Group, under an advisory program focused on institutionalizing resource efficiency and sustainability. Providing advice is a critical part of IFC's strategy to create markets and mobilize private investments. IFC's work for this program is supported by donor partners – Canada IFC Partnership Fund, Government of Canada and The Sustainable Development Investment Partnership (SDIP) under Department of Foreign Affairs and Trade (DFAT), Government of Australia. IFC and Sagar Cements Ltd thankfully acknowledge the contributions provided.

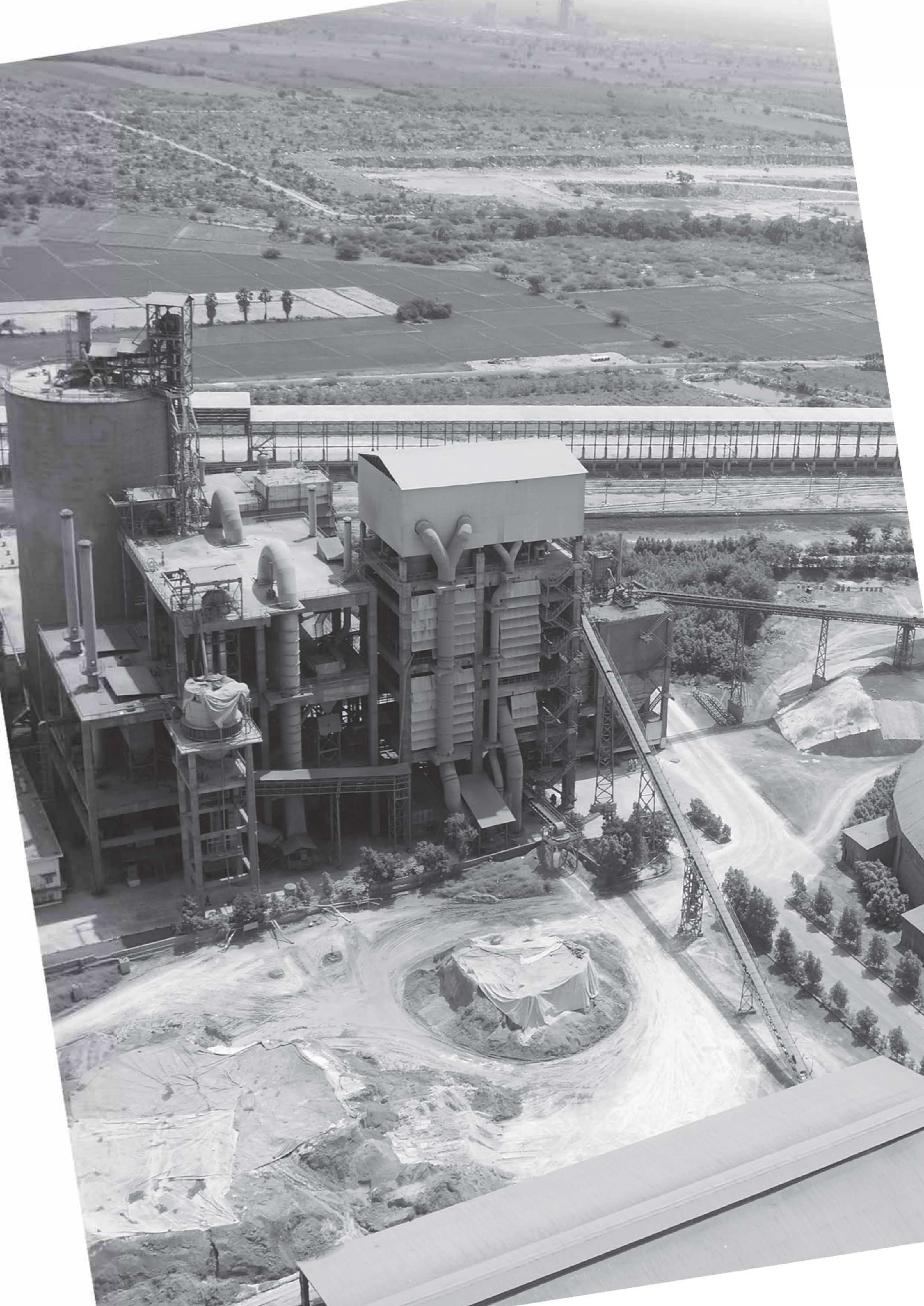


Table of Contents

ESG Highlights

18,14,615 MT
Cement

Rs. 121.59 Lakh
Spent on
CSR Activities

17,46,589 MT
Clinker Produced

29.03% of the Total
Energy Requirement is
Met from Green Energy

100% Industrial
Water Requirement
Met by Rainwater

0% Hazardous
Waste to Landfill

7.80% Reduction
in Specific Power
Consumption as
Compared to the
Base Year 2015-16

Emission Intensity
tCO_2e/T of Cement eq.

Scope 1 : 0.669
Scope 2 : 0.043
Scope 3 : 0.025

4.10% Reduction in Direct GHG Intensity (Scope 1/ton of Cement) viz. FY 16

39.74%
Reduced Freshwater Consumption viz. FY 16

Conducted LCA for
OPC & PPC

35% of Fly ash which is Maximum as per BIS Specification is used as an Alternative to Clinker

Green & Renewable Energy
Generated & Consumed:
Waste Heat Recovery: **26.52%**
Solar Power: **0.81%**
Mini Hydro Power: **1.70%**

CSI Performance

15,42,369 tCO_2e
Gross GHG Emission

14,62,286 tCO_2e
Net GHG Emission

0.764 gross tCO_2e/ton
of Cementitious Material

0.724 Net tCO_2e/ton
of Cementitious Material

3,157 kjoule /Kg
754.54 kcal /Kg
of Clinker Specific Heat Consumption

1.59%
Alternative Fuel Rate

3.65%
Alternative Raw Materials at Raw Meal Stage

11.10%
Alternative to Clinker at the Cement Stage

85%
Clinker to Cement

Zero
Fatalities (directly employed)

Zero
Fatalities (indirectly employed)

1.81
LTIFR

3
Lost Time Injuries

Message from
Chairman

We started our journey with the production of cement in the year 1985 with a mission to create value for all our stakeholders. Since then we have followed a path of growth which is inclusive. In all these years, sustainability and social responsibility have always been an integral element of Sagar Cement's corporate strategy.

Dear Stakeholders,

It is with great pride that I bring to you Sagar Cement Limited's first Sustainability Report for FY 2018-19. This report, developed as a proactive disclosure of our triple bottom line initiatives, is the first such report being presented by the company.

We started our journey with the production of cement in the year 1985 with a mission to create value for all our stakeholders. Since then we have followed a path of growth which is inclusive. In all these years, sustainability and social responsibility have always been an integral element of Sagar Cement's corporate strategy.

At Sagar Cements today, the agenda is to achieve Environmental, Social and Economic sustainability. Various initiatives are being deployed to enhance operational performance, create value for stakeholders, improve quality systems, Customer satisfaction, to develop and retain talent. We deploy state of the art technologies to provide our customers with a high-quality product and at the same time managing our environmental and social footprint. Our growth parameters are not limited to profits but include the growth of our employees & society at large.

In the financial year 2018-19, we introduced new initiatives. We opened ourselves for evaluation under the Green Company Rating system' (GreenCo rating) which evaluates green features of companies against certain performance parameters such as energy efficiency, water conservation, renewable energy, GHG mitigation, water management, etc. Further to this, we also conducted in-depth resource efficiency studies: Thermal and Electrical in our cement manufacturing facility located in Mattampally, Telangana. As a result, we explored various resource efficiency opportunities and GHG emission reduction potential. We are confident that we will reduce our carbon footprint and increase our efficiency in the near future. We have also drafted our Sustainability Policy, which will act as a guiding tool for our future endeavors towards Sustainable development.

We are committed to building a responsible and sustainable business. Under our Community development programme, we work in the area of Capacity Building, Education, promotion of Sports and rural development. We will continue our efforts in building self-reliant communities in the years to come. For us, CSR is a tool for value creation rather than an act of philanthropy.

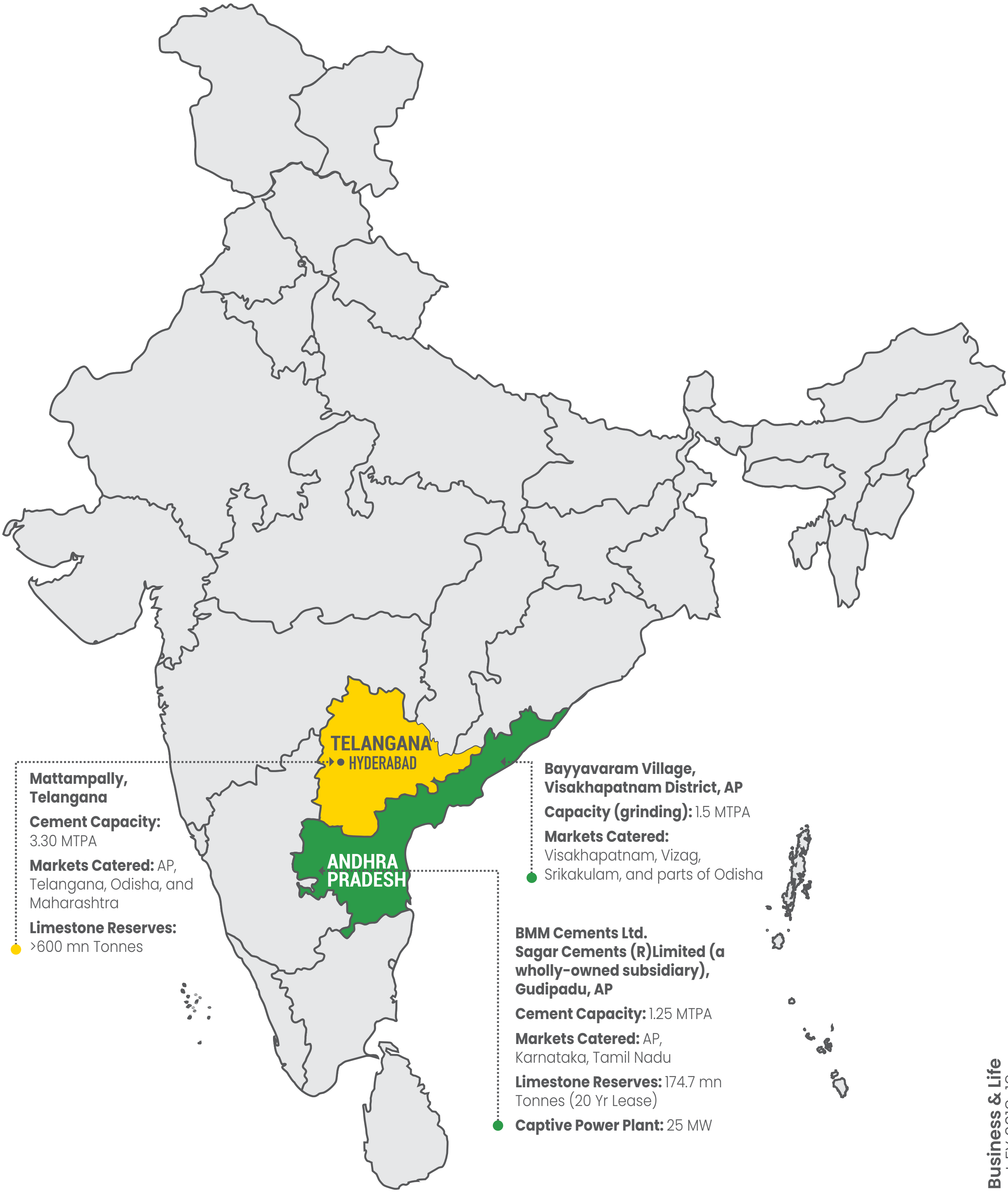
We will continue to monitor, manage and communicate our Sustainability performance to our stakeholders.

I thank our stakeholders for supporting us in our journey towards sustainability. We seek your continued support to enable us to achieve our goals and look forward to your feedback to improve our performance.

O.Swaminatha Reddy
Chairman

Sagar Cements: A Legacy of Excellence since 1985

Sagar Cements Ltd. (SCL) is a company engaged in the manufacturing of Cement. Since its inception in 1985 has grown multi-folds both in terms of scale and scope. It commenced its operations with a cement capacity of 66000 TPA and has gradually increased to 3.30 MTPA, while its Clinker capacity has also witnessed a significant increase from 66000 TPA in 1985 to the present level of 2.65 MTPA. Within a time span of 37 years it has carved a niche place for itself in the cement sector across the state of Telangana, Andhra Pradesh and its neighboring states in India. It is a public company incorporated on 15 January 1981 and is classified as Non-govt company registered at Registrar of Companies, Hyderabad.



Mattampally, Telangana

Cement Capacity: 3.30 MTPA

Markets Catered: AP, Telangana, Odisha, and Maharashtra

Limestone Reserves: >600 mn Tonnes

Bayyavaram Village, Visakhapatnam District, AP

Capacity (grinding): 1.5 MTPA

Markets Catered: Visakhapatnam, Vizag, Srikakulam, and parts of Odisha

BMM Cements Ltd. Sagar Cements (R)Limited (a wholly-owned subsidiary), Gudipadu, AP

Cement Capacity: 1.25 MTPA

Markets Catered: AP, Karnataka, Tamil Nadu

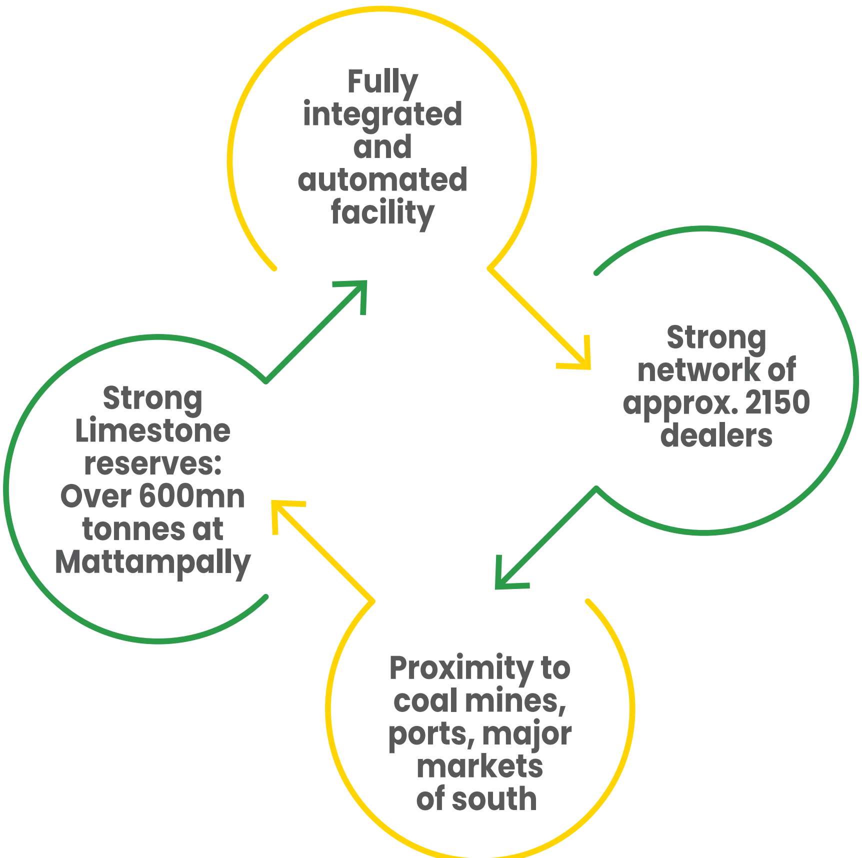
Limestone Reserves: 174.7 mn Tonnes (20 Yr Lease)

Captive Power Plant: 25 MW

The company which started with its flagship manufacturing plant at Mattampally in Telangana, has broadened its horizons and has Reacquired the grinding unit at Bayyavaram Village, Andhra Pradesh. The company doesn't have any Joint Ventures and Associate Companies. It has two wholly-owned subsidiaries BMM Cements Ltd. (re-named as Sagar Cements (R) Limited.) with its cement plant in Gudipadu Village in Ananthapur District, Andhra Pradesh and Jajpur Cements Private Limited which is in the process of setting up a Cement Grinding Plant of 1.5 MTPA capacity at Jajpur, Odisha.

Sagar Cements recently acquired 65% equity stake in Satguru Cement Private Limited (SCPL) and is putting up a new line of 7.33 Lakh TPA Clinker and 1 Million TPA Cement production capacity respectively. The plant is located at Gursal village in Dhar district, Madhya Pradesh. The company has 2 Hydel power units i.e. Guntur Branch Canal Hydel Project, Guntur District, Andhra Pradesh, and Lock-in-Sula- Hydel Project, Kurnool District, A.P.

The company employs state of the art technology. Its plant at Mattampally is based on Dry Process Rotary Kiln Technology.



Product Portfolio

53 Grade OPC

It is a higher strength cement to meet the needs of the consumer for higher strength concrete.

43 Grade OPC

It is the most popular general-purpose cement.

33 Grade OPC

This cement is used for general civil construction work under normal environmental conditions.

Portland Pozzolana Cement (PPC)

Blended Cement is produced by either inter-grinding of OPC clinker along with gypsum and pozzolanic materials in certain proportions or grinding the OPC clinker, gypsum, and Pozzolanic materials separately and thoroughly blending them in certain proportions.

Sulphate Resisting Portland cement (SRC)

Sulphate Resisting Portland Cement is a type of Portland cement in which the amount of Tricalcium aluminate (C3A) is restricted to lower than 5 % and (2 C3A + C4AF) is lower than 25%.

SCL manufactures various varieties of Cement including Ordinary Portland Cement (OPC) of 53 Grade, 43 Grade, 33 Grade, Portland Pozzalona Cement (PPC) and Sulphate Resistant Cement (SRC). The products are being sold under the Brand name “Sagar”.

The company caters to the Indian Market with a specific focus on states of Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, and Maharashtra. With the expansion of the grinding unit at Bayyavaram, SCL have increased its presence in South Odisha Markets too. The company, with its state-of-the-art technology, maintains a high standard of quality of its products. As a result, it has been able to create a loyal customer base spread across diverse segments and geographical areas.

To serve the end customer, The Company has a well-established marketing network comprising of various layers like Distributors, Dealers, C&F Agents, all of whom are served by dedicated marketing personnel. Further to this, SCL engages with its customers at regular intervals to take their feedback and thereby incorporating that in its operations.

Sagar Cements Ltd. is looking to expand its business in the interior areas of its neighboring states through strategic alliances.

The company envisages a growth that is not limited to providing high-quality cement to its customers but creating value for its stakeholders in the long run.

Our Journey

1985

- Plant Commissioned with 200 TPD Kiln with 4 stage pre heater

1993

- Expansion by installing a separate line Calciner with 5 stage pre heater & adding a jaw crusher
- Additional Raw mill, ESP for Kiln and cooler modification

1996

- Added additional cement mill & tertiary crusher

1998

- Installation of KIDS cooler, VFDs for Raw Mills and Coal Mills

2002

- Installation of 6 stage inline Calciner with pre heater, cooler modification & RTKM separator for Coal Mill

2008

- Formed a JV with Vicat to set up a 5.5 MTPA cement plant in Karnataka

2014

Brownfield capacity expansion by adding additional 6 stage inline Calciner pre heater, Kiln and Pendulum cooler & 2.65 MTPA cement grinding capacity adjacent to the existing Kiln

2015

- Exited from Vicat JV for a consideration of INR 425 Cr. Acquired BMM Cenments, now SC(R) with a capacity of 1 MTPA with 25 mw CPP

2016

Commissioned VRPM taking the capacity to 3.30 MTPA. Also commissioned a railway siding

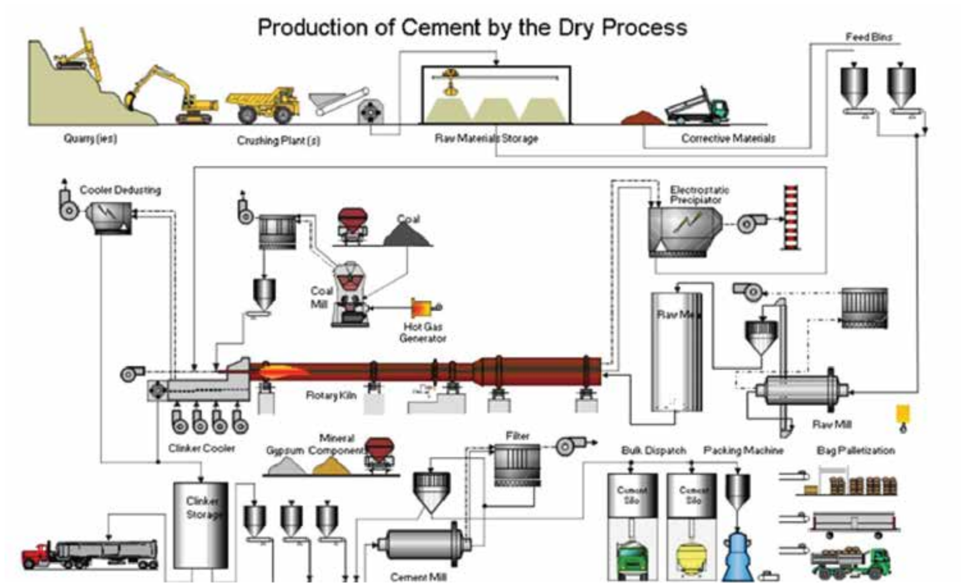
2017

Commissioned 6.5/7.0 MW WHRS & 1.25 MW Solar Power

2019

Enhanced grinding capacity to 1.5 Mn Tonnes at Bayyavaram & enhanced WHRS to 8.8 MW

Cement Manufacturing Process



Cement manufacturing is an energy-intensive process. A mixture of Limestone and Clay is ground and burnt at a very high temperature to form Clinker. The Clinker is ground to a fine powder with the addition of Gypsum (up to 5 %) to form Cement. The essential components of Cement are Lime, Silica, Alumina and Iron Oxide. There are different types of Cement, which differ based on their chemical composition. However, the manufacturing process remains the same.

Limestone is the primary component of cement which is extracted from the quarry. There are other raw materials such as coal, fly ash, petcoke, laterite, etc. used in cement manufacturing which are bought directly from other sources because of small quantity requirements. Limestone is crushed and reduced to a fine powder and it is blended with other raw materials in correct proportion. The mixture known as kiln feed is heated in a rotary kiln where it reaches a temperature of about 1400 C to 1500 C. The material formed in the kiln is known as 'clinker'. The cement mill grinds the clinker to a fine powder. A small amount of gypsum - a form of calcium sulphate - is normally ground up with the clinker. The gypsum controls the setting properties of the cement when water is added.

Corporate Governance

Sagar Cements is spearheaded by a team of well qualified, diligent and committed leadership. It maintains high standards of corporate governance and has systems and procedures in place to promote transparency and accountability across the organization. The Board of directors includes Chairman, Managing Director, Joint Managing Director, Independent Directors and a Nominee Director.

During the reporting period, the board met seven times and the gap between two consecutive meetings did not exceed one hundred and twenty days.

The company complies with the requirements applicable under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) concerning corporate governance.

To deal with complex issues with a focused approach, the board constituted various committees with each having its specific function. These committees include the Audit Committee, Nomination, and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. The CSR committee is responsible for decision making on social and environmental topics.

Board of Directors

Shri O.Swaminatha Reddy	Independent and Non-Executive, Chairman
Dr.S.Anand Reddy	Managing Director, Promoter
Shri S.Sreekanth Reddy	Joint Managing Director, Promoter
Mrs. S.Rachana	Non-Executive Director, Promoter
Shri K.Thanu Pillai	Independent Director
Shri V.H. Ramakrishnan	Independent Director
Shri T. Nagesh Reddy	APIDC Nominee
Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive
Shri Jens Van Nieuwenborgh	Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand (From 20.11.2018)

Table 1: Board of Directors as on March 31st, 2018

Risk Management

Sagar Cements have been proactive in identifying various risks associated with its business, both internal and external. As a precautionary measure, a risk management system has been put in place where in Order to minimize risks every proposal of significant nature is screened and evaluated for the risks involved in it and then approved at different levels in the organization before implementation.

Various risks including the risk of dependency on a particular market/ region for sales, financial risks, etc. are effectively managed. Internal controls such as the audit committee have also been put in place.

It is further ensured that business is conducted in full compliance with all national and international laws and regulations that pertain to cement sector, as well as professional standards, accepted business practices, and internal standards. The compliance officer is charged not just with keeping the business dealings ethically sound and legally pristine, but with educating the entire company and instituting practices that will ensure the highest possible level of compliance.

SCL tracks all statutory and regulatory compliances applicable to each department in the organization . A responsibility to ensure that SCL is in complaince with a particular law or regulation lies with the compliance owner of that particular law or regulation. Compliance Module generates auto email alert and communicates the same to owner and approver in time. The Module data base is updated with respect to the recent amendments in compliance. In addition to the above as part of IMS, legal register is also maintained by the departments, where in statutory and regulatory requirements are covered. The top management of SCL reviews the comprehensive report on compliance management during monthly review meeting.

During the reporting period, there were no cases of non compliance related to the environment, social, labour, and corruption.

Ethics, Values and Integrity

Sagar Cements has imbibed a culture where decisions are governed by its values and beliefs. Driven by a strong value system at the core, each employee abides by the organizations' policies and procedures.

A well written Code of Conduct aims at maintaining uniformity, transparency and fairness in dealing with its stakeholders. In addition to the code of conduct, Sagar Cements has implemented various other policies including Whistle Blower policy, Corporate Social Responsibility Policy, Environment, Occupational Health & Safety policy, etc. as a measure to strengthen its governance system and to conduct its business with high ethical standards.

The company has implemented a Whistle Blower Policy giving employees a fair opportunity to raise a voice against any unethical and improper practices or any other wrongful conduct in the Company. The presence of a Corporate Social Responsibility Policy reflects SCL's commitment towards society. It acts as a guiding source to conduct community development initiatives responsibly.

Occupational Health & Safety Policy of the company demonstrates its commitment towards Health & Safety of its Employees. The company has also established an Environment Policy to work towards conserving natural resources and operate its business in an environment-friendly manner.

Stakeholder Engagement

Stakeholder Engagement is a critical factor in the success of any business. An effective engagement builds trust, transparency and a sense of ownership amongst the stakeholders. At Sagar Cements it is an integral part of our operations. We engage with our stakeholders periodically. Their concerns and expectations are given due consideration and are reflected in our business decisions. The engagement process helps us to continuously improve and follow our mission "to deliver value to our Stakeholders.

At Sagar Cements, Stakeholder engagement is a strategic process. We engage with various stakeholders on different forums including surveys, emails, one to one discussion, etc. To derive value from the process, the engagement mechanism differs for each stakeholder e.g. we conduct open dialogues with the community, etc.

During the reporting period, we used existing engagement mechanisms to map the concerns raised by our stakeholders. The Process commenced by identifying a comprehensive list of stakeholders, which were then prioritized based on their interest and power to influence our business. The stakeholders engaged during the reporting period are given in the figure. We maintain a dynamic relationship with our stakeholders.

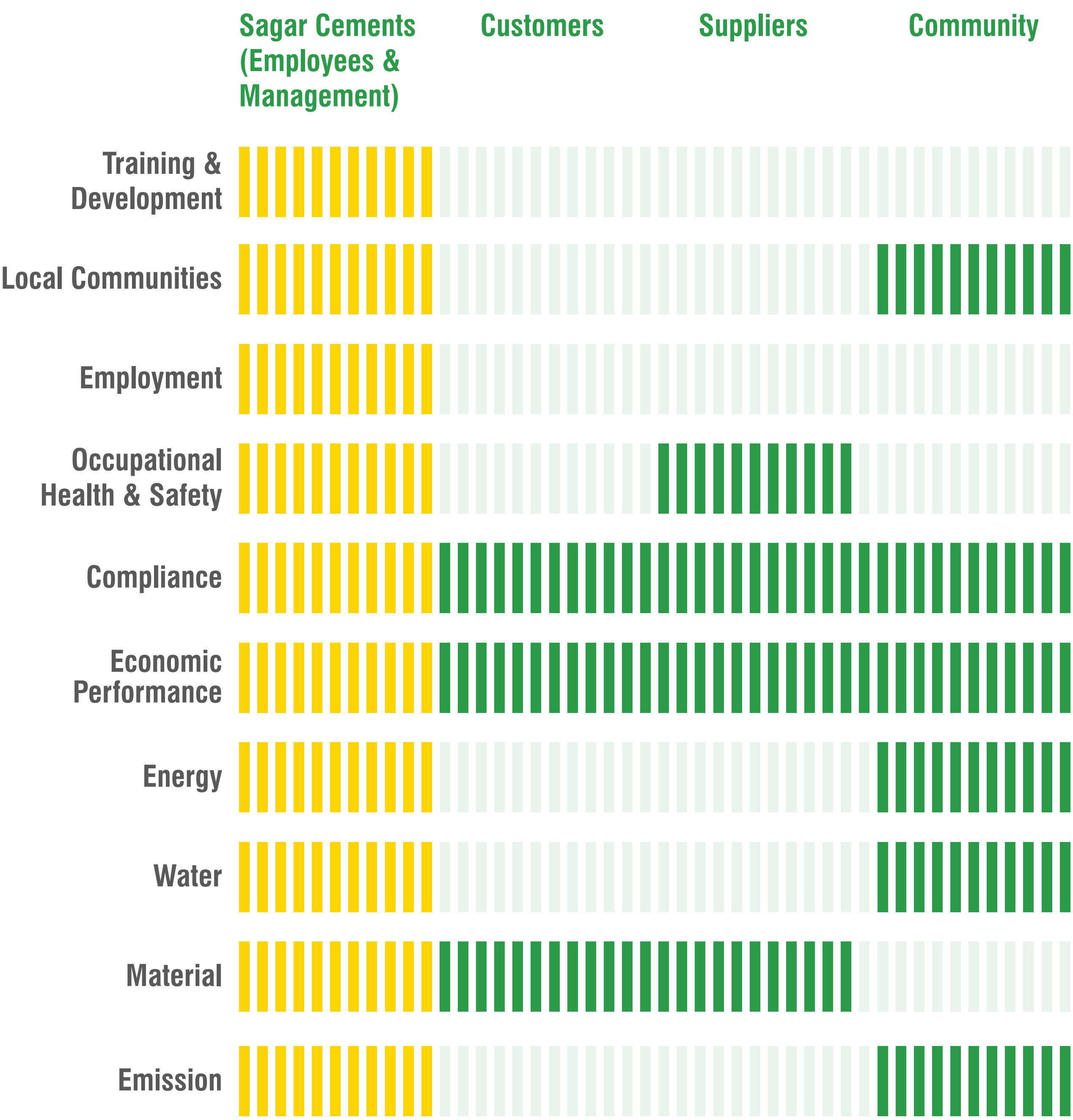
Stakeholder Group	Method of Engagement	Frequency of Engagement	Key Sustainability Concerns Identified	Reference Pg. No.
Employees	Appraisal	Annually	Training & Development, Occupational Health & Safety	46,50
Customers	Customer Feedback	Quarterly	Regular Feedback	15
Suppliers	Business Partners Meet	Annually	Health & Safety, Green Practices	46,54
Local Communities		As Required	Community Development, infrastructure Development	55

The issues prioritized by our stakeholders were presented before the management team which further discussed the other relevant topics reflecting the organization's significant economic, environmental, and social impacts in addition to those topics which substantively influence the assessments and decisions of stakeholders. The outcome was a list of 11 significant Material Topics that are relevant for the organization. The topics in "high" Category are the most significant. These topics are covered in the report in terms of data and DMA in various chapters.

Materiality Matrix

The material aspects and their impacts created across the value chain are illustrated below. The report doesn't contain any data on the material topics from the value chain entities but includes the necessary management procedures wherever required to manage the same. The Topic boundaries are limited to the Sagar Cements plant at Mattampally.

Impact across Stakeholders



Stewardship in ESG

Sagar Cements measures its performance on Environment, Social & Governance criteria. It takes into account its impact on the environment and society while taking key decisions. In our endeavour to be a responsible corporate citizen, we have implemented various initiatives across our operations.

Improving energy efficiency is one of our key focus areas. We have implemented state-of-the-art technology to achieve optimum efficiency. Significant investments have been made to reduce dependence on non-renewable sources of energy.

To reduce our emissions, we have planted 4,23,739 trees in an area of about 210 hectares sequestering about 6,356 tons of CO_2 per year. The tree plantation and nursing them is a continuous activity and we intend to add about 20,000 tree plantations in an additional area of 15 hectares.

Water conservation is another area of strategic priority. We are proud to claim that we are a water positive organization.

We made conscious efforts and significant progress in the use of alternative raw materials, alternative fuels, and cementitious materials thereby preserving natural minerals. Our marketing efforts are also targeted towards promoting green products.

We have extended our effort in our supply chain and are encouraging our suppliers to adopt green practices in their businesses.

To develop a sustainable and environmental-friendly culture throughout the company, we have implemented the GREENCO certification process across all the manufacturing units.

At Sagar Cements employees are encouraged to develop new skills through various internal and external training programmes. We are making conscious efforts to improve gender parity.

Sagar Cements strongly believes that adherence to good corporate practice leads to transparency in its operations and facilitates building a strong relationship with all its stakeholders.

The company from its very inception is voluntarily committed to practicing good corporate governance enabling us to earn trust and goodwill of our investors, business partners, employees and the community at large.

As a responsible organization, we adhere to all applicable compliances and regulations. For Sagar Cements it is mandatory and non-negotiable. Senior management regularly reviews and monitors the status of compliance.

The details of our performance on ESG parameters are available in subsequent chapters of this report.

8 DECENT WORK AND ECONOMIC GROWTH

Economic Performance

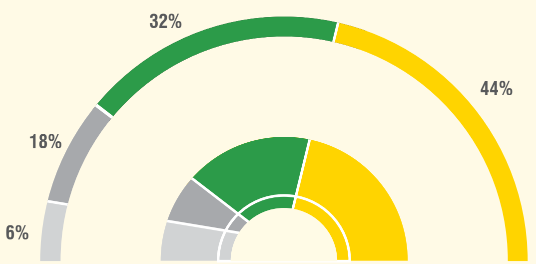
The financial year 2018-19 (stand-alone including Bayyavaram unit) has been successful in terms of production, sale, revenue and average net sales realization per ton of cement. Total cement production was 24,20,567 MT. We have achieved an increase of 24.70% and 24.16% in the cement production and sales respectively in terms of volume over the previous year. However, the EBDITA dropped to 12% from 18% in the previous year. The reason being an increase in input costs and a marginal fall in the average sales realization per ton of cement.

The current markets do not offer much scope to increase our sales volume to any significant extent, at least in the near future. Further, these markets are witnessing heavy competition resulting in wide fluctuations in the price thereby impacting the margins. To mitigate this risk associated with the dependency on existing markets where the demand-supply gap is increasing, we are looking for opportunities to expand our reach to central and eastern parts of the country as demand for cement is expected to grow relatively at a faster rate in those areas. Our expansion model will include setting up of integrated cement plants/grinding stations.

Direct Economic Value Generated & Distributed	(INR crore)	
Particulars	**FY 2017-18**	**FY 2018-19**
A. Direct Economic Value Generated		
Revenues from Operations	776.01	902.01
Revenues from Other Sources	18.60	15.06
Total	**794.61**	**917.07**
B. Economic Value Distributed		
Operating Expenses (Excluding Employee Wages and Benefits	643.85	794.78
Employee wages and benefits	44.94	52.00
Payment to providers of Capital	39.56	36.91
Payment to government:	16.41	8.74
Total	**744.76**	**892.43**
Economic Value Retained (A-B)	**49.85**	**24.64**
Particulars		
Profit before tax	76.09	37.07
Profit after tax	49.39	26.62

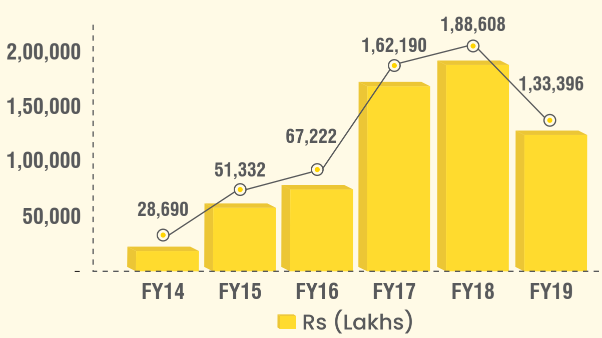
Share Holding Pattern

Shareholding pattern as on 31st March 2019



- Individuals/Hindu Undivided Family
- Non-Institutions
- Public Shareholding (Institutions)
- Bodies Corporate (Indian)

Market Capialization



Cement sales: 2489033 MT

Total Revenue: 917.07 INR Crore

Debt & Equity Ratio: .20

Figure 1: Plantation and Lawn near Coal Crusher Ramp

Environmental Performance

The cement industry is one of the oldest sectors in India playing a significant role in the economic development of the country. The sector has seen phenomenal growth in the last few years. In fact, a large part of this push comes because of favorable government policies and the State's active role in enabling infrastructure growth, thus driving up the demand for cement. This growth story is likely to continue into the coming years. At the same time, the growth must be sustainable as cement manufacturing is associated with environmental impacts including emissions, extraction of raw material, energy, etc.

Sagar Cements, as a proactive organization has taken various measures to limit its impacts on the environment. The plant at Mattampally has a sound environmental management system. It is certified for ISO 14001 : 2015.

Raw Material

Cement manufacturing requires non-renewable raw materials with the limestone being the primary raw material in addition to other materials such as clay, iron ore, etc. We have a captive limestone mine near our plant at Mattampally. The other raw materials including iron ore, bauxite, laterite, and gypsum are sourced externally. State-of-the-art mining equipment has been deployed at all our mines for mineral extraction and development which is executed strictly following mining plans and schemes approved by statutory authorities. The raw material consumed at Mattampally plant during FY 2018-19 is as follows:

Particulars in MT	2016-17	2017-18	2018-19	Type of Material (Renewable/ Non Renewable)
Limestone	18,05,500	23,66,302	25,12,146	Non Renewable
Al. Laterite	54,041	1,07,303	81,722	Non Renewable
Dolamite	0	3,293	0	Non Renewable
Laterite (Iron)	0	0	6,443	Non Renewable
Iron Ore	33,819	26,947	37,111	Non Renewable
Iron Sludge	0	778	4,751	by-product of pharmaceuticals
Pond Fly ash	0	1,302	0	by-product of power plant
Fossil fuel	1,73,208	2,01,308	2,05,390	Non Renewable
ATF	1,219	426	3,320	by-product of pharmaceuticals
Fly ash	1,60,047	1,75,497	1,89,690	by-product of power plant
Phospho gypsum	39,521	36,654	60,500	by-product of Fertilizer plant
Natural gypsum	17,708	18,500	10,687	Non Renewable
Grease	8	9	9	Non Renewable
Lubricant oils	47	59	65	Non Renewable
Grinding Media	53	57	25	Non Renewable
Refractory	1,034	1,012	680	Non Renewable
Bags	1,982	2,160	2,229	Non Renewable
Total	**22,88,187**	**29,41,606**	**31,14,768**	

As a part of our conservation initiatives, we are using CBX, Ramco mine management software to blend the various types of low-grade limestone with high-grade in required proportions to conserve the mineral.

To reduce/eliminate mining rejects, SCL increases its Low grade limestone consumption significantly with each passing year by utilizing the high-grade coal/pet coke as a fuel for clinker manufacturing.

Energy

Cement industry being an energy-intensive industry, is heavily dependent on two sources of energy i.e. Thermal and electricity for its processes. Thermal energy is used in the kiln, captive power plant, etc., whereas electricity is primarily used for crushers, grinding mills and for transporting materials. The potential for energy savings in the cement industry is considerable.

Sagar Cements is using state-of-the-art technologies to improve the energy efficiency of its processes. SCL is implementing ISO 50001 system and is in the process of obtaining Certification.

The plant at Mattampally is based on Dry Process Rotary Kiln Technology. The Mattampally plant uses 100% petcoke.

We have installed 1.25 MW Solar, 6.5/7.0 MW Waste Heat Recovery System (WHRS) and 18.0 MW Thermal. WHRS helps serves a dual purpose—it is not only the cheapest source of power generation, but it also helps in reducing the carbon footprint. In addition we have included renewable energy in our energy mix including solar, hydel and wind energy. The implementation of an energy management policy has facilitated in improving energy efficiency.

S. No.	Type of Energy	Installed Capacity	Location
Sagar Cement			
1.	Solar	1.25 MW	Mattampally, Telangana
2.	Solar	80 KW	Corporate office, Hyderabad, Telangana
3.	Hydel	4.3 MW	Guntur, Andhra Pradesh
4.	Hydel	4.0 MW	Kurnool, Andhra Pradesh
5.	Waste Heat Recovery System	6.5/7.0 MW	Mattampally, Telangana
6.	Thermal	18 MW	Mattampally, Telangana (under implementation and expected to be commissioned by June 2019)
Sagar Group Companies			
7.	Wind	4.65 MW	Theni, Tamil Nadu
8.	Wind	0.85 MW	Satara, Maharashtra
9.	Thermal	25 MW	Gudipadu, Andhra Pradesh

Table 2: Installed Energy Capacity

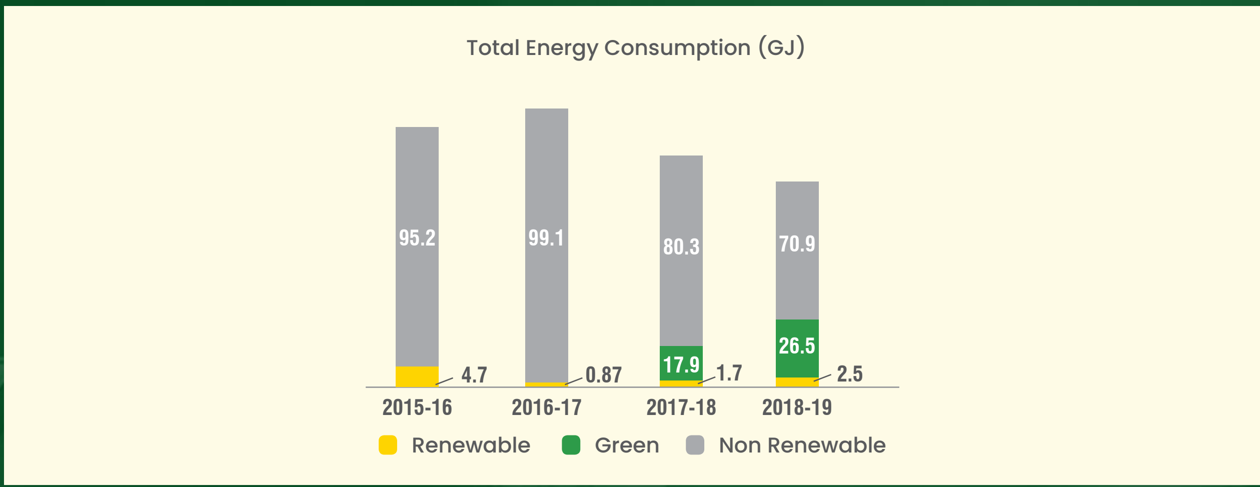
We have also proposed an 11 MW solar power plant at our Plant in Mattampally.

During the reporting period, our total energy consumption was 60,70,611.91 GJ. 3% of our requirement was met by renewable energy. Over the years the percentage substitution of renewable/green energy in the total energy mix has increased.

S. No.	Electrical Energy	2016-17		2017-18		2018-19	
		GJ	Million KCal	GJ	Million KCal	GJ	Million KCal
1.	From Grid	94,975.10	22,689.83	1,75,188.57	41,853.07	1,48,157.50	35,395.26
2.	Captive thermal Power Plant at Gudipadu, AP	3,32,508.87	79,437.35	2,57,922.05	61,618.34	2,48,183.85	59,291.86
3.	Hydel	3,772.35	901.23	5,881.33	1,405.07	9,476.63	2,263.99
4.	Solar	0.00	0.00	3,529.83	843.29	4,504.79	1,076.21
5.	WHRS	0.00	0.00	96,825.81	23,131.97	1,48,083.07	35,377.48
6.	DG power	4.36	1.04	19.65	4.69	10.35	2.47
Total Electrical Energy (GJ)		**4,31,260.67**	**1,03,029.45**	**5,39,367.24**	**1,28,856.43**	**5,58,416.19**	**1,33,407.28**
7.	Thermal Energy through fossil fuels(GJ)	4,139,045.697	9,88,830.26	5,304,782.526	1,267,328.23	5,304,782.526	1,267,328.23
8.	Thermal Energy through Alternate fuels(GJ)	22,330.18	5,334.75	4,546.82	1,086.25	4,546.82	1,086.25
Total Thermal Energy consumed		**4,161,375.87**	**9,94,165.00**	**5,309,329.35**	**1,268,414.48**	**5,309,329.35**	**1,268,414.48**
Total Energy consumed (GJ)		**4,592,636.54**	**1,097,194.45**	**5,848,696.59**	**1,397,270.91**	**5,867,745.54**	**1,401,821.76**

kWh = 0.0036 GJ

Table 3: Total Energy Consumption



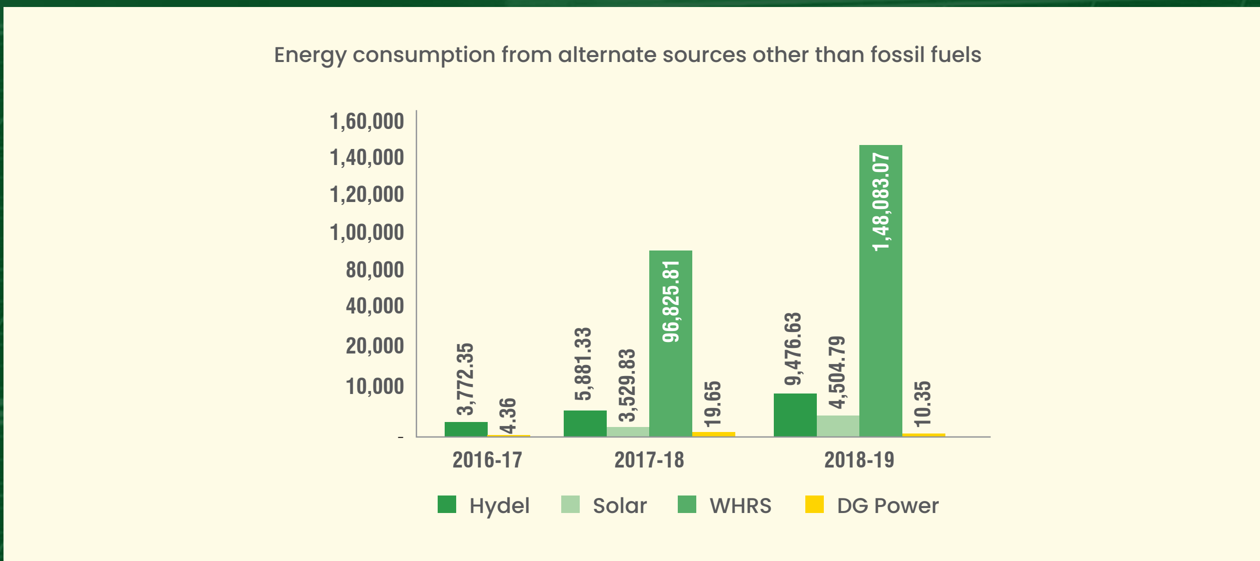


Table 4: Renewable Energy Consumption in GJ

Further to this Sagar Cements has utilized waste materials from other industries as an alternate fuel to coal/pet-coke burned in the kilns of its cement plant. Use of alternate fuel is one of key levers in sustainable efforts in cement sector

Some of our energy conservation and efficiency measures include:

- **Limestone Crusher located in Mines**

One of the very first companies to adapt to this method. By locating the Limestone Crusher near mine, the raw materials haulage distance became very minimal thereby saving the transport vehicle fuels, minimizing the dust generation by moving vehicles.

- **Limestone Crusher located in Pit**

The Limestone crusher is placed below the ground inside the pit. This arrangement is avoiding the construction of the ramp, vehicles climbing steep ramp thereby saving fuel and minimizing the wear & tear of the vehicles.

- **Secondary Crusher for Limestone**

Crushing operation is much more energy-efficient compared to grinding. The secondary crusher is installed to reduce the size of the limestone reaching grinding mill.
This helped in the reduction of specific energy while increasing the out but from the mill. This way bi-dimensional benefit is achieved.

- **ON-LINE Prompt gamma neutron activation analysis (PGNAA) Analyzer**

This instrument is the Bulk Material analyzer and is installed on the Limestone transport conveyor belt. It gives the complete elemental analysis of the Limestone moving on the conveyor. In combination with the PILE EXPERT software, it ensures that the pile is prepared just meeting the quality requirement of the desired product thereby helping proper blending of all grades of mineral and mineral conservation. With the help of this system and managing the fuel, all grades of minerals including overburden are used in the process and rejection of mineral is totally avoided.

- **Stage Pre-Heater**

SCL modified the Pre-heater system from 4 stage to 5 stage and again to 6 stage low-pressure drop high efficient cyclone system to reduce both electrical energy thermal energy consumption.

- **Static Cooler**

One of the very first companies to install static grades in the clinker cooler plant. This helps in increasing the cooler recuperation efficiency and thereby reducing the specific fuel consumption.

- **CFD Analysis**

Advancement of software utilization in process simulation provided an attractive opportunity to study the dynamic behavior of various process equipment like Cyclones, separators, ducts, etc. One of the very first companies to make use of this technology. A significant reduction in specific electric energy is realized by making use of this software tool.

- **Automated Laboratory**

One of the very first companies in India to possess an ON-LINE ROBOT operated laboratory system. The whole process of product quality check, starting from collection of a representative sample, sample transport to laboratory, sample preparation, feeding to analytical equipment, receipt of results, analysis & treatment of results and consequent control of plant machinery in all sections of the manufacturing cycle is totally automated without any human intervention. This helps in very consistent quality benefiting the end-user with very minimum use of all resources like minerals, fuel, electricity and human resource.

Various other equipment's such as VRPM for Clinker grinding, VFD for all process fans, etc. have been installed leading towards reduction in specific energy consumption.

Emission

In cement manufacturing, air emissions are generated by the usage and storage of intermediate and finishing materials, and by the process of kiln systems, clinker coolers, and mills. These emissions are immense because of the chemical process required in the manufacturing process. About two-thirds of the polluting gases that come from cement production stem from burning limestone. It is a significant source of greenhouse gas emissions resulting in various environmental and health hazards. Emissions include nitrogen oxides, sulphur dioxides, particulate matter, greenhouse gases, and other air pollutants.

Sagar Cements is committed to reducing the environmental impact of its operations including a reduction in GHG emissions. Various measures have been implemented including usage of alternate fuels, installation of energy-efficient equipment, Green belt development, etc. In addition we also conduct awareness programmes for employees.

Maintaining a GHG inventory facilitates us in identifying areas of improvement. We measure and monitor Scope 1, scope 2 and scope 3 emissions. Where scope 3 emissions include cement transportation (road, rail, tanker), raw material receipts (road, rail, tanker), employee commute (two-wheeler). During the reporting period scope 1, scope 2 and scope 3 emissions were 13,74,788 MT CO_2, 87,499 MT CO_2, and 64,049 MT CO_2 respectively. The emission intensity has reduced over the years.

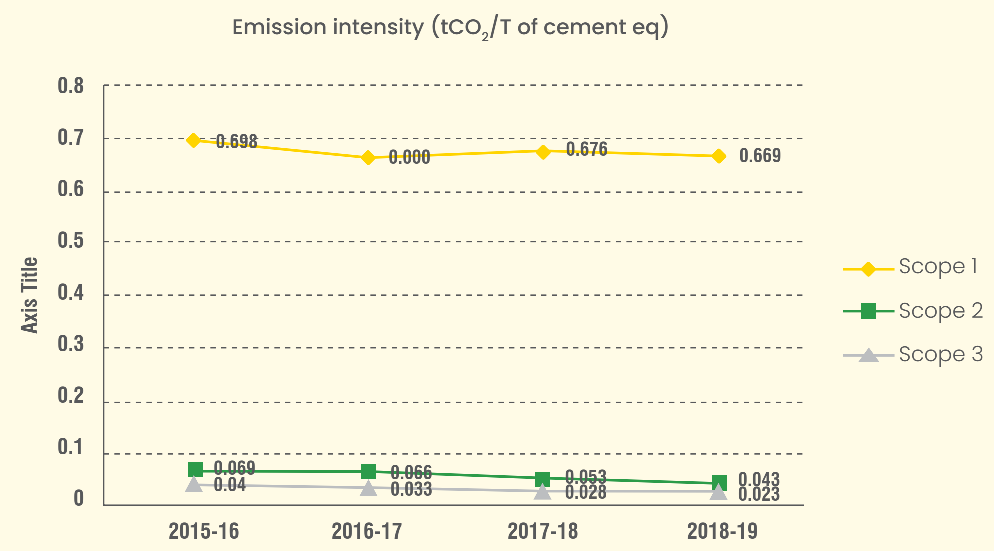
Controlling Emissions: Dust, SO_2 and NOx

SCL efforts are not just limited to meeting the new stringent emission standards but also to strive hard to improve its performance beyond compliance. To gear for various types of emission challenges imposed by the regulatory body, number of measures are being implemented across all operations to control stack emissions by replacing the conventional bag filter with polytetrafluoroethylene (PTFE) coated filter bags in identified areas.

SCL has already installed the latest generation Reverse Air Bag House (RABH) for the main stack to handle Kiln and Raw Mill (VRM) gases.

To control the emissions, SCL adopted NOx control pre-heater technology for line-2 kiln, which creates a reduction atmosphere in a part of the PC duct by diverting the Tertiary Air partly and joins at below the gooseneck. NOx generated from main burner and PC burner travel through reduction atmosphere and a reaction will take place resulting in the reduction of NOx compare to normal pre heaters.

The NOx, SOx emissions are within acceptable limits.



In line with Sustainability Development target, SCL achieved reduction its net specific CO_2 emissions per ton of cement by 11.61% in target year of 2018-19 as compared to the base year 2014-15. SCL plans to reduce its specific CO_2 emission by 15.77% by 2022-23.

Some of our initiatives to reduce our carbon emissions include:

Reducing the Clinker Factor:

SCL has identified the key levers for the reduction in CO_2 emissions that include inter alia clinker substitution. SCL is already utilizing 35% Fly ash in its PPC production which is a max limit as per BIS, as there is no scope to increase further, SCL is also trying to increase its PPC share from existing 30% to further maximum possible extent by motivating Masons, Engineers, Builders, and Dealers, etc., by organizing public meetings.

As a matter of fact, the production of blended Cement lowers the requirement of clinker, as some part of clinker is replaced with fly ash or performance improvers at the final grinding stage. Lower clinker consumption leads to less limestone mining, less crushing, less grinding which are finally burnt in cement kilns. Apart from this, there is also less fuel consumption which together result in lower CO_2 emissions. During the year 2017-18, SCL utilized 175 thousand tons of fly ash and targeted to use 61 thousand tones of performance improver (Crushed Limestone) and 219 thousand tons of Fly Ash during the year 2022-23, providing sustainable environment-friendly services to the nation. We expect to enhance the overall share of blended Cement and thus lower the clinker factor leading to lower specific CO_2 emissions.

Alternative Fuels & Raw Materials (AFR):

SCL has taken appropriate initiatives to replace part of fossil fuels by using alternative fuels to reduce CO_2 emissions.

The use of AFR essentially serves to move away from dependence on fossil-based fuels and other mineral resources. The company succeeded in co-processing 0.87%, 0.63%, 0.54% & 0.09% of TSR in FY 2015, 2016, 2017 & 2018 respectively. SCL targets to achieve 0.75 %, 1.0%, 1.5%, 2% and 2.5% of Thermal Substitution Rate (TSR) in the FY 2019, 2020, 2021, 2022 & 2023 respectively. We expect our TSR percentage to increase in the long run, thus enabling the company to cut its carbon footprint even further.

Adequate space for alternate Fuel storage has been provided at the site, with proper concrete floor, concrete walls and roofing, which enables prevention of hazardous waste contaminating the soil while handling.

Overall CO_2 Reductions Achieved (Scope 1 & 2)	2018-19	2017-18	2016-17	2015-16
On Account of Thermal Savings1 (Tonnes of CO_2)	3,437	391	1,854	2,210
On Account of Electrical Savings2 (Tonnes of CO_2)	39,638	25,672	Nil	Nil
On Account of Clinker Factor Improvement3 (Tonnes of CO_2)	48,099	23,334	35,412	Nil

Note:
- CO_2 emission reductions on account of thermal energy are calculated value.
- CO_2 Emission Factor (CO_2 Baseline Database for the Indian Power Sector - Jun 2018- by Central Electricity Authority) was used for calculating the CO_2 emissions on account of electrical savings.
- CO_2 emission reductions on account of clinker factor improvement are calculated by considering the CO_2 emission factor derived from CSI protocol V_3. (GRI 302-4)

Logistics and Transport

This is one area that is responsible for CO_2 emissions mainly because of fuel consumption. To minimize the emissions from transportation, SCL promotes awareness programs among transporters for regular maintenance of vehicles. SCL makes sure that cement trucks are de-dusted and covered in tarpaulins prior to leaving cement plant premises in order to minimize dust pollution while trucks move on the roads. SCL also promotes bulk transport of cement which is not only cost-effective but also environment-friendly. Similarly, rail movement is preferred for long distances as a more sustainable mode.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Waste Management

Sagar Cements has put in place an efficient waste management system to manage both hazardous and non-hazardous wastes. We have adopted a hierarchal approach to manage waste i.e. to reduce, reuse, recycle and recover to the best possible extent by making use of viable technologies. Our waste management policy encourages us to adopt sustainable measures to reduce our negative impact on the environment.

In cement manufacturing solid waste generated during Raw meal grinding, clinkerization, and cement grinding process is re-collected by means of RABH, ESP and BFs then reinjected back into the process so that clean environment can be maintained and raw materials can be conserved effectively. Fly ash waste generated from CPP is used in PPC manufacturing. Other waste generated from plant maintenance like used oil and metal scrap is disposed off in responsible manner & as per regulatory guidelines.

At SCL, we strive for "Zero Discharge" status in respect of all our operations and we do not discharge any process effluent in water bodies or anywhere else. Complying with the new regulations, we are also in the process of installing new/upgrading existing STPs wherever necessary.

During the reporting period, both hazardous and non-hazardous waste was disposed of in a responsible manner and we did not send any hazardous waste to landfills.

The detail of the solid waste generated is as follows:

A - Total Hazardous Waste Disposed

S. No.	Type of waste	Unit	2015-16	2016-17	2017-18	2018-19	Disposal Mechanism
1.	Waste Lubricants Oil	Ltrs	11,897	12,514	22,101	21,234	Re-used in Reclaimer Chains and Other Areas/Sold to Authorized External Agency
2.	Waste Grease	Kgs	995	938	1,348	1,885	Burning in Calciner and Third Party Sale
3.	E-Waste	Kgs	713	0	1,127	220	Sold to Authorized Agency for Disposal/Reprocessing

B - Total Non- Hazardous Waste Disposed

S. No.	Type of waste	Unit	2015-16	2016-17	2017-18	2018-19	Disposal Mechanism
1.	Metal Scrap	MT	417.4	131.6	1,031.7*	273.8	Sold to Third Party
2.	Belt Scrap	MT	15.6	10.5	6.1	7.3	Sold to Third Party
3.	Office , In-House Packing & Socked Cotton	MT	4.7	5.7	6.6	8.7	Burned in Kiln
4.	Tyre Scrap	NOS	36.0	38.0	34.0	37.0	Sold to Third Party
5.	PP Scrap	MT	7.4	7.5	49.7	28.8	Sold to Third Party

* Metal scrap disposed during 2017-18 is comparatively higher side due to accumulation from previous year and generated from WHR project work.

Being in the cement industry, it gives us an opportunity to not only manage our waste but utilizes waste generated from other industries into our process. We encourage co-processing wherein we utilize waste generated from industries such as pharma, steel, etc. into our processes.

S. No.	Description	Type of waste	UOM	2015-16	2016-17	2017-18	2018-19
1.	Solid Pharma waste utilization to reduce fossil fuel (coal) consumption.	Hazardous	%	2.36	0.7	0.21	1.59

6 CLEAN WATER AND SANITATION

Water

Sagar Cements, since long is mindful of critical importance of water for production process, employees, neighbourhood communities and to well being of all living bodies. By systematic and sustained efforts, company became water positive and wish to strive hard to keep improving further. With this self committed objective, the company has implemented an integrated water resource management plan. Some of the key features include rainwater harvesting, recycling, and reusing of treated water, etc. The company has a well-documented water management policy acting as a guiding tool towards efficient management of this very critical resource.

Description	UOM	2015-16	2016-17	2017-18	2018-19
Harvested Rain Water (KL) (Consumed in Plant)	KL	2,14,342	1,59,989	1,56,381	1,71,614
Bore well (KL) (Domestic water consumption)	KL	25,462	47,738	89,603	88,929

Water at Sagar Cements is required for industrial and domestic usage. 100% of industrial water requirement is met by rainwater and underground water is utilized to fulfill the domestic requirement. Since the plant is based on dry process the water requirement is low. It is required to cool bearings, compressors, after-coolers, gearboxes and for conditioning towers etc. During the reporting period from 2015-16 to 2018-19, specific water consumption has reduced from 0.17 to 0.14 KL / Ton of cement while net surplus water has increased from 26,260 KL to 3,47,984 KL.

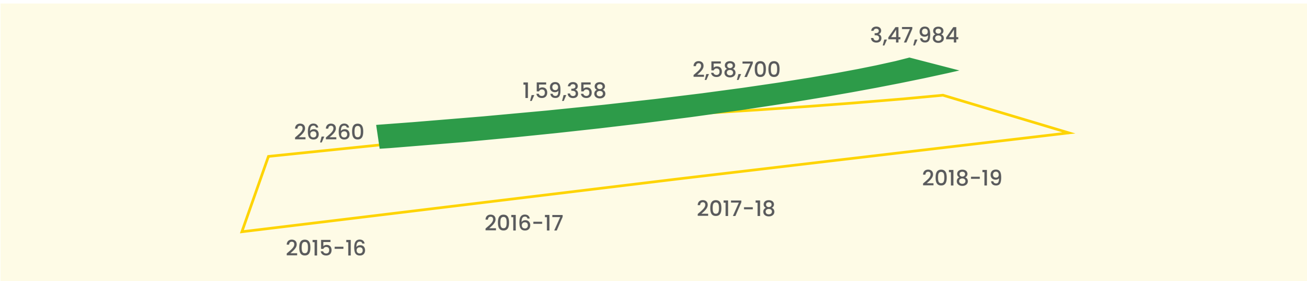


Figure 2: Net Surplus water in Kl

In its endeavor to conserve and reuse water, Sagar Cements has implemented various measures including an efficient measuring and monitoring system, installation of softener plant, STP, using treated water for low grade uses like process internal spraying, road wetting, horticulture, conducted awareness programmes for employees, etc. As a result, freshwater consumption reduced by 39.74% during the year 2018-19 compared to the baseline year 2015-16.

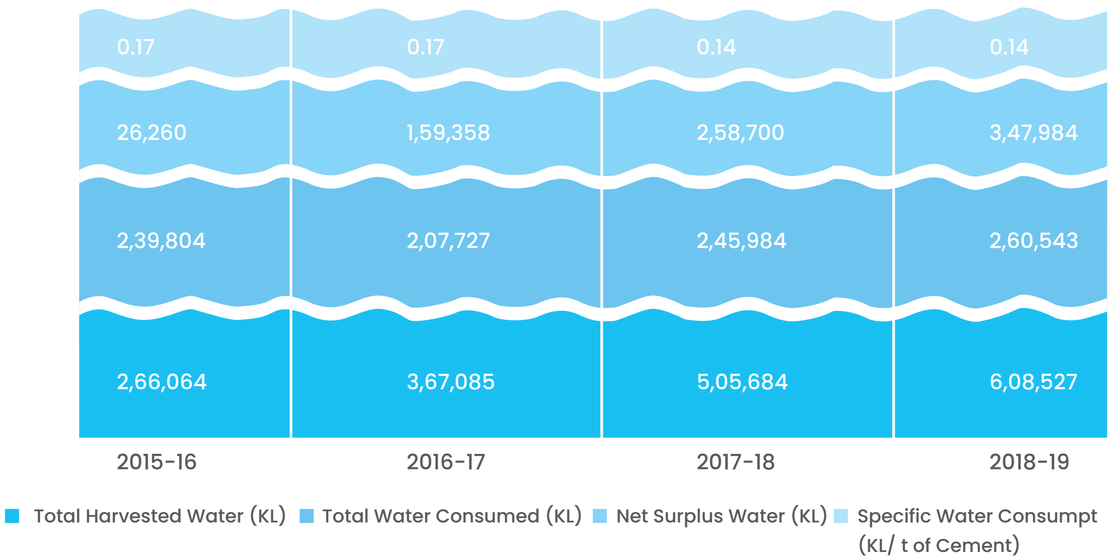
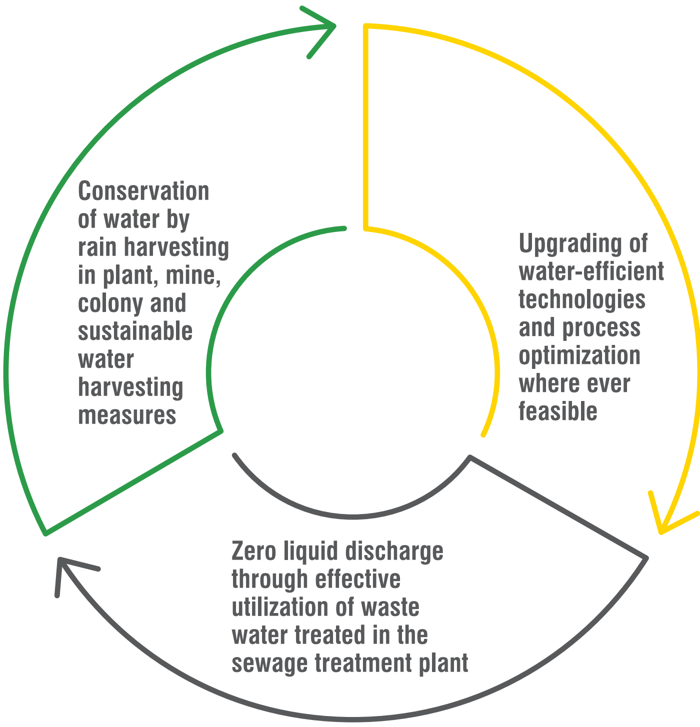


Figure 3: Water Consumption

SCL aims to reduce its freshwater withdrawal by 30 % by 2030. To achieve this objective we are focusing on the following initiatives.



Life Cycle Analysis

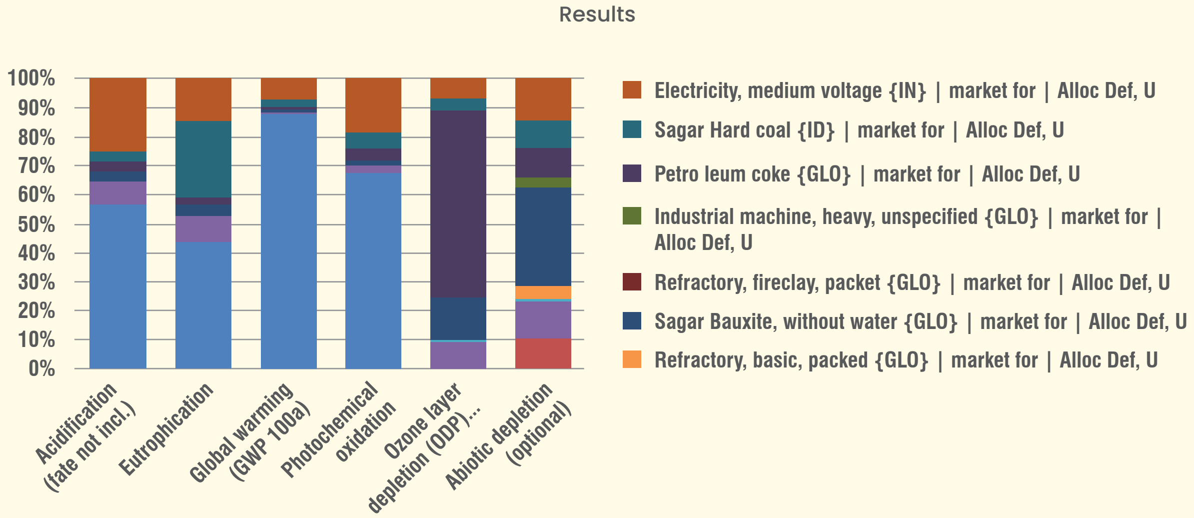
LCA evaluates the ecological impacts resulting from materials, manufacturing, usage, and disposal of a product. It identifies environmental hotspots and facilitates in improving the overall sustainability of the product.

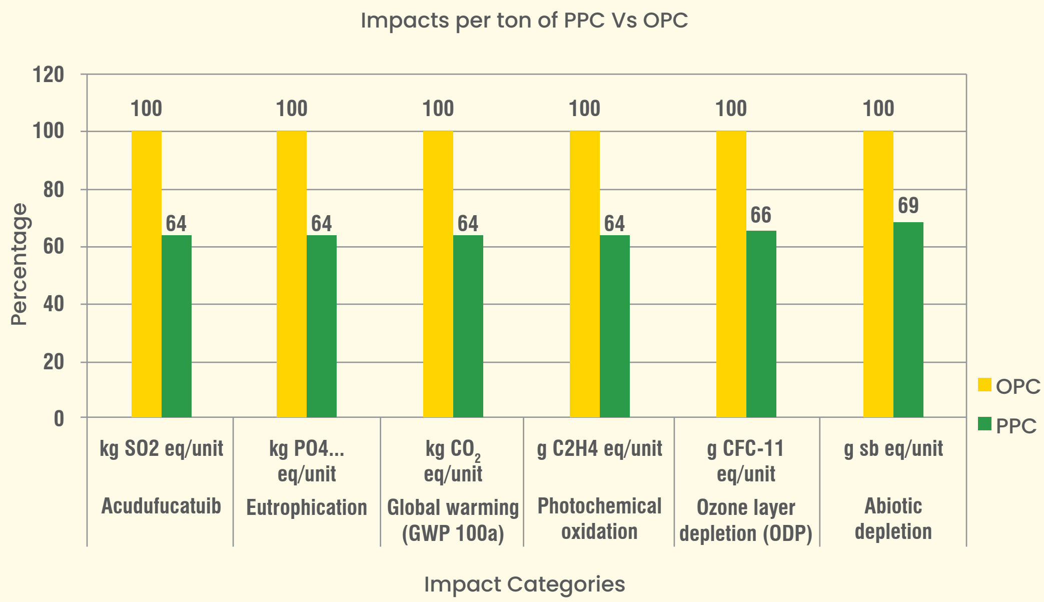
The study was conducted for our products OPC and PPC respectively. It is in compliance with ISO 14044: Environmental management — Life cycle assessment standard. The scope included from acquiring raw material i.e. mining of limestone till the packaging of the cement.

The objectives of the study were:

- To monitor the environmental impacts caused due to the manufacturing of various types of cement
- Establish environmental profiles for OPC & PPC
- To determine hot spots and key environmental parameters between cradle to gate operation in the manufacturing process
- Compare the processes so as to establish the one with the least potential environment impact
- To understand the effect of alternate fuels in the fuel mix and its impact on the environment

On comparison of the results of Sagar's clinker with the Indian average value, it was observed that the gate to gate values were higher than the Indian average values and it may be due to the types of fuel used in manufacturing clinker, less utilization of alternate raw materials and efficiency of the equipment used. Betterment of all these aspects would help to reduce the impacts caused by the product.





Environmental impact reduction based on LCA (Carbon/Material/Water/Toxicity)

S. No.	Impact Category	Unit	PPC	OPC	% Reduction of Impacts
1.	Acidification (fate not incl.)	kg SO_2 eq	0.90	0.58	36
2.	Eutrophication	kg PO4 eq	0.17	0.11	36
3.	Global Warming (GWP100a)	kg CO_2 eq	$88_1.8_1$	563.66	36
4.	Photochemical Oxidation	kg C_2H_4 eq	0.07	0.05	36
5.	Ozone Layer Depletion (ODP) (Optional)	kg CFC-$_{11}$ eq	0.0000122	0.0000080	34
6.	Abiotic Depletion (Optional)	kg Sb eq	0.000060	0.0000413	31

Some of the other projects executed based on LCA study and benefits realized are as follows:

1) Fly ash consumption in PPC increased from 31% to maximum limit of 35 % to conserve the clinker.
2) PPC production increased from 25 to 30% and further targeted to produce above 40% to conserve both electrical energy and thermal energy.
3) Refused Derived Fuel (RDF) fuel pumping system installed to increase the ATF consumption.
4) Alternative fuel consumption increased to improve thermal substitution rate (TSR) from 0.63% to 0.75 % further targeted to achieve 10 % in future.
5) Conducting of Energy audits by third party at every three year to identify the areas of energy losses and to take up the actions to improve.

GHG reduction by implementing following projects

S. No.	Description	UOM	2015-16	2016-17	2017-18	2018-19
1.	Fly ash consumption	MT	1,06,251	1,60,047	1,75,497	1,89,690
2.	Performance improver consumption in OPC	MT	0	0	0	11,683
3.	Total consumption	MT	1,06,251	1,60,047	1,75,497	2,01,373
4.	Specific GHG Emission (Scope-1&2)	kg CO_2/t clinker	789.53	780.84	780.42	787.13
5.	CO_2 Reduction due to Mineral Components (MIC)	t/year	83,888	1,24,971	1,36,961	1,58,506

13 CLIMATE ACTION

15 LIFE ON LAND

Biodiversity

SCL understands its mining footprint and takes every possible measure in preserving the biodiversity of the area. We follow sustainable mining practices including controlled blasting to reduce dust and noise, planting native species, controlling our emissions, etc. Further we continue to work passionately to enhance the green spread in and around our quarry sites, manufacturing units, residential colonies, and nearby villages. As a result, the area has become the best nesting and breeding habitats for migratory and local avifauna.

Strategy to mitigate the impact of mining on Biodiversity.

Before mining begins use strategic assessments that look at biodiversity impacts caused by regional developments

During the life of mine offset any unavoidable impacts on biodiversity by supporting conservation activities elsewhere in the region

When the mines are closed, we rehabilitate mine sites not just to re establish vegetation cover but, to develop a self-sustaining ecosystem that interacts positively with the surrounding landscape

SCL has been mining Limestone for the past 35 years. Our plant and mines follow comprehensive plans and undertake rehabilitation of available areas of mines and by supporting the conservation activities elsewhere in order to protect the biodiversity and nature around.

SCL has conducted a 3rd party assessment of the mining area before the commencement of the project.

Tree Plantation: Our plantation activities focus on planting native and local species best suited to the local ecology.

Rainwater Harvesting: SCL has constructed about 49 rainwater harvesting pits in the mines, plant and colony areas to recharge the groundwater. Apart from the above, bottom benches of the mine pit has developed to harvest the rainwater which helped to enhance the self-sufficiency of water for the plant.

Top Soil Preservation and Utilization: Black Cotton Soil present in the top benches 1 – 2 mtrs is being used for making bed for plantation.

SCL has developed a sump in the bottom benches in the mine for storing the rainwater. When the mineral is exhausted proposals will be made to develop a self-sustaining ecosystem like aquaculture that interacts positively with the surrounding landscape.

Occupational Health & Safety

Sagar Cements gives paramount importance to providing a healthy and safe working environment to its employees. A culture of safety is promoted by our top management that flows down the hierarchy and each employee has imbibed this in its workplace. The presence of a dedicated HSE policy further bolsters our commitment towards safety.

In the cement manufacturing plant, workers are exposed to various safety hazards due to operating heavy machinery, exposure to chemicals, etc. They are susceptible to various diseases related to eye, skin and Lungs. Therefore it becomes important to take preventive measures to ensure a safe workplace. We have conducted a detailed audit to identify various hazards across the plant and risks associated with each such hazard thereby taking preventive measures wherever applicable. In case of an incident, we have implemented a quick response system, where the incident is investigated with 48 hrs. Innovative solutions have been implemented to prevent a prospective hazard e.g. to avoid fugitive dust emission, we have installed air filter cleaning arrangements, automatic water sprinklers, etc.

In addition, the plant is also certified to international standard ISO 45001.

We have constituted a dedicated safety committee which is spearheaded by the Chairman. The prime responsibility is to oversee the occupational health and safety aspects of the workplace. The committee has an equal representation of management and workers.

Following are objectives of the Safety committee:

- To identify and suggest control measures for the hazards in their department /sections.
- To suggest improvements/modifications, if any, to ensure safe working conditions.
- To identify the requirement of any specific personal protective equipment and suggest steps for the procurement.
- Review of corrective and preventive actions regarding accidents/incidents in the concerned departments.
- Review and upkeep of internal housekeeping.
- General review of occupational health and hygiene of the employees.
- Review of environmental pollution and control measures.

Senior Management at SCL is equally involved in maintaining a safe working culture. They interact directly with the shop floor personnel, and discuss a prospective hazard at their workplace.

Events such as these have significantly improved our safety performance. In line with this, we have also introduced toolbox talk, periodic trainings, gate safety meets, and motivational programs.

S. No.	Particulars	2016-17		2017-18		2018-19	
		On Roll Employees	Contractual	On Roll Employees	Contractual	On Roll Employees	Contractual
1.	Fatalities	0	0	0	0	0	0
2.	LTIFR	0	1.4	0	0.84	1.6	1.94
3.	Injury Rate	0	4.04	0	4.88	4.67	5.696
4.	Man-day Lost Day Rate	0	0.562	0	1,019.08	0.64	0.77
5.	Absentee Rate	1.62	4.1	1.54	3.95	1.2	3.6
6.	First Aid cases	0	11	5	29	3	16
7.	Occupational Health Rate	0	0	0	0	0	0

Table 9: Occupational Health & Safety data

A number of training programmes related to handling specific chemicals, materials, first-aid, emergency response, etc. are conducted.

Occupational Health

The health of our employees is our topmost priority. We ensure the availability of the best healthcare facilities for our employees. Well-equipped occupational health centers, ambulance, trained doctors, first aid kits, etc. ensures accessible health care in need. Further, we monitor the health of our employees specifically those who are exposed to hazardous conditions. They are examined every six months.

Recognition

Employee recognition is a part of our company culture. Each employee is valued for their contribution and are appreciated for their efforts. Innovative ideas are suitably rewarded.

People Performance

Sagar Cements takes pride in its diverse workforce, as it is their dedication and commitment that has taken the organization forward. The company has a strong value system where each employee is given an equal opportunity to grow.

Their perspectives, ideas, and solutions are respected and valued. We have a family of 827 talented individuals who are working diligently to meet customer requirements.

Employee Category	Employees during the Reporting Period by Age Group and Gender (2018-19)					
	< 30		30-50		>50	
	F	M	F	M	F	M
Executives	0	10	0	98	0	28
Staff	0	7	0	25	0	13
Workmen	0	3	0	54	0	17
Trainees	0	15	0	2	0	0
Contract Workmen	0	242	4	278	0	31
Total	**0**	**277**	**4**	**457**	**0**	**89**

Table 5: Total Workforce

During the reporting period, 15 employees joined the organization. At the same time, 19 employees bid adieu to pursue their career goals and aspirations.

Employee Category	New Hires during the Reporting Period by Age group & Gender 2018-19					
	< 30		30-50		>50	
	F	M	F	M	F	M
Executives	0	1	0	4	0	3
Staff	0	0	0	1	0	0
Workmen	0	0	0	3	0	0
Trainees	0	3	0	0	0	0
Total	**00**	**04**	**00**	**08**	**00**	**03**

Table 6: No. of Employees joined the organization

Employee Category	Employees Leaving during the Reporting Period by Age Group and Gender 2018-19					
	< 30		30-50		>50	
	F	M	F	M	F	M
Executives	0	00	0	05	0	06
Staff	0	0	0	02	0	03
Workmen	0	0	0	0	0	02
Trainees	0	01	0	0	0	0
Total	**00**	**01**	**00**	**07**	**00**	**11**

Table 7: No. of Employees resigned from the organization

We lack diversity in terms of gender due to various factors such as the nature of the business, location, etc. However, we are working to incorporate female employees in other functions such as administration at our corporate office. Appraisals provide the opportunity to recognize and reward employees and to ensure they feel valued for the work that they do. During the reporting period, 100% of our on roll employees went through the appraisal process.

Freedom of Association

100% of the non-management staff, Shop Floor and Office associates categories are unionized employees. The management ensures their participation in all the management decisions and events and accordingly updates them on major decisions as well as operational changes. The trade unions are used as a platform for constructive dialogue.

Education and Training

Sagar Cements has adopted a holistic approach for employee development. Various training programmes are organized to hone their skills and keep them abreast of the latest developments in the industry. In addition, employees are encouraged to attend specific training programmes organized by other organizations to develop technical capabilities and financial support is provided for the same. During the reporting period, workshops on issues such as energy efficiency, waste management, fire safety, etc. were conducted.

Work Life Balance

SCL lays emphasis on maintaining a healthy work-life balance. It serves a dual purpose of improving productivity and hence boosts employee morale. We have initiated a number of programmes to ensure that our employees have high work satisfaction, such as family health care, availability of essential services including school, market etc.in the township premise, recreational clubs as a means to reduce stress, Leisure tours at a nominal cost, etc.

Employee Category (*maintain same categories)	Training Hours Male	Training Hours Female	Total Employees Male	Total Employees Female	Average training hour per male employee	Average training hour per female employee	Total Average training hours 2018-19
Executives	4858	0	153	0	31.75	-	31.75
Staff & Workmen	1729	0	119	0	14.50	-	14.50
Contract Workmen	1990	0	555	0	3.59	-	3.59
Total	**8596**	**0**	**827**	**0**	**10.39**	**-**	**10.39**

Table 8: Avg. training hours per employee

Employee Welfare

In addition to competitive salaries, regular employees benefit from attractive schemes covering education, health, retirement, loans to meet the special needs of the employee, etc. All employees on-roll are covered under a group mediclaim policy and group personal accident insurance scheme.

We support our employees not only during their period of service but also after retirement. In addition to retirement benefits, an assured sum of money is granted to an employee on retirement. The amount varies as per the number of years of his association with the organization. Further to this, we have a family pension scheme where every employee who completed eligibility service of 10 years under FPS, 1995 will receive monthly pension on retirement

Employees stationed at our plant in Mattampally are provided with a decent accommodation facility along with other services including a healthcare centre, school and other recreational activities run by the Company in its premises. Temporary or part-time staff do not receive the same benefits as full-time or permanent staff, though their benefits compare well with local market practice. But they do get covered under various social welfare legislations along with full time or permanent staff.

Supply Chain Management

An effective supply chain management can reduce environmental degradation and production costs. It can also spur economic growth, create a competitive advantage in terms of greater customer satisfaction, positive image, reputation and provide better business opportunities.

Sagar Cements works closely with its suppliers on various issues including energy efficiency, waste management, resource conservation, health, and safety, etc. Our green procurement policy applies to all our suppliers. We give priority to those suppliers & dealers who have integrated good environmental and social practices into their operations while maintaining the quality of the product. Our critical suppliers are expected to follow sustainable practices.

We conduct various training programmes to build the capacity of the suppliers. These programmes are conducted in their premises by Sagar cement experts or are outsourced to external experts. They are encouraged to implement green practices including the use of renewable energy, rainwater harvesting, etc. and are rewarded for their actions.

Further, we work towards reducing the environmental impact across our supply chain. A number of initiatives have been implemented. Some of them include:

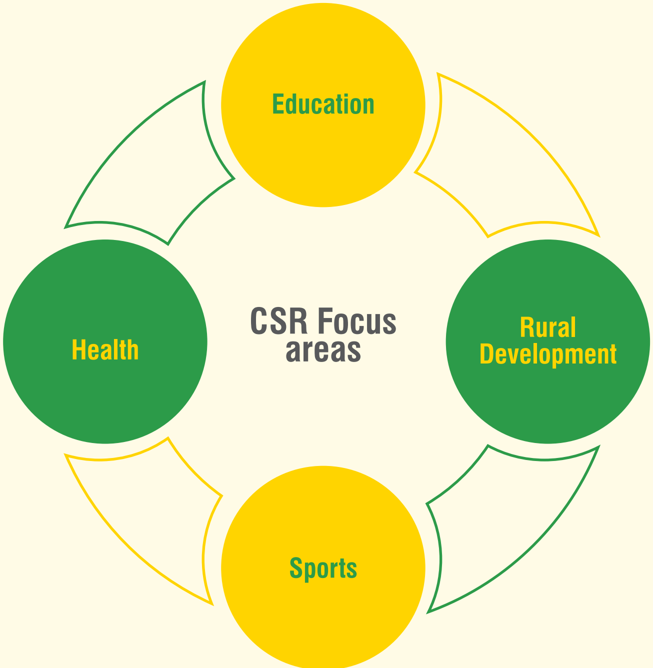
- Increase in bulk transport ratio
- Use of an alternate mode of transport (Rail is given priority over the road)
- Promoting the use of environment-friendly packing materials. Increase the use of Non-HDPE Bags for product packing.
- Purchasing better quality materials only which are expected to give longer life.
- Reducing the transport distance of materials procurement and product sales etc.

Social Performance

Sagar Cements understands that corporate social responsibility is a tool to create value for stakeholders specifically for the disadvantaged group of the society. Our initiatives are designed with an objective to create a positive social impact while reducing the negative environmental impact of our operations.

The company has a structured governance procedure to monitor its CSR activities. The CSR committee is responsible for the identification and implementation of various projects whose actions are guided by the CSR policy. SCL's CSR Policy is guided by the following principles:

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



Our focus areas remain sports, education, health, etc. During the reporting period, we spent Rs. 121.59 Lakh on various projects including preventive healthcare, sanitation, availability of portable drinking water, promotion of educational infrastructure, development of rural infrastructure and organizing sports events. All our programmes were limited to local areas of Nalgonda Dist, Telangana.

Education

We provide quality education at no cost to children of daily working labours from surrounding villages through our educational institution under the name of Sagar Vidya Vihar. In addition, we also support various government-run schools with amenities such as utensils, furniture, etc.

Safe drinking water and irrigation

Availability of portable water is a challenge, specifically in Suryapet District as the area has high fluoride content leading to various diseases. Considering the same, Sagar Cements has installed two 1000 LPH Ro Water plant in Pedaveedu & Mattampally Gram panchayat benefiting approx. 3000 families. Further these plants are maintained by Sagar Cements.

Skill Development

SCL provides two years of employability skills development programme to educated youth under its CSR Initiatives along with a stipend.

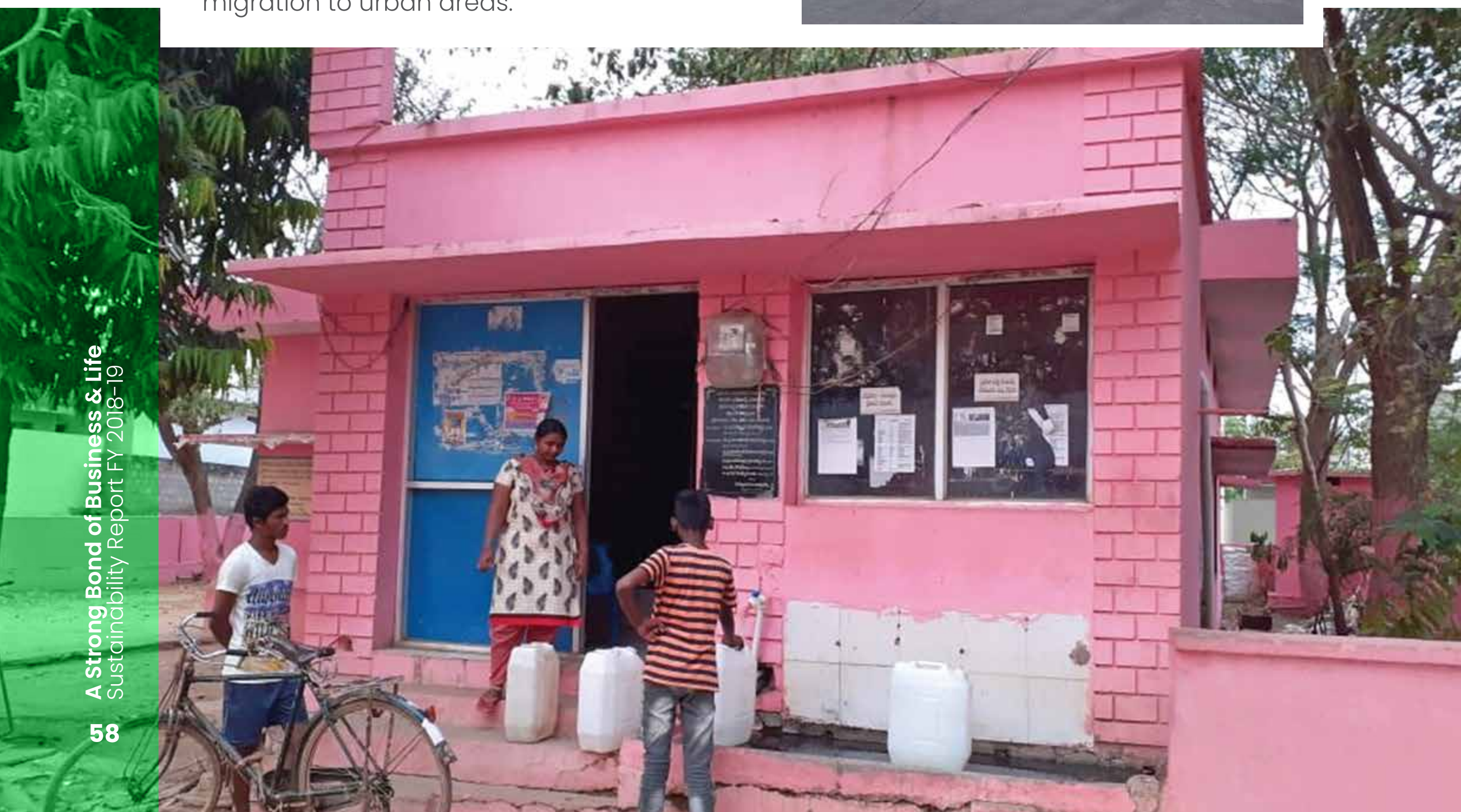
The focus is on providing industrial exposure, on-job training, and soft skills. Most of our trained youth are able to get employment in other industries.

Lift Irrigation

In our surrounding communities, 70 % of the population earns their livelihood through agricultural activities. However, due to the unavailability of mechanisms to channel river water for irrigation, farmers faced water issues. Considering this Government of Telangana has constructed Lift Irrigation for channeling the water for agriculture. Despite this effort, several issues related to operation and maintenance surfaced, as a result, the farming community suffered and migration to urban areas increased.

SCL through the lift irrigation committee took the initiative and assured the farming community of its support to the project. The company has facilitated the maintenance of the project which has become the heart for paddy cultivation by the farmers.

As a result, there is an average of INR 4,000 per month increase in income of beneficiary farmers and simultaneously there was less migration to urban areas.



Infrastructure Development

SCL has supported infrastructure development through the construction of roads, drainage systems, street lights, bus shelters, water tanks, etc.

Assurance Statement

LIBEROGROUP

ΠΡΟΣ ΕΘΝΙΚΗ ΤΡΑΠΕΖΑ

Independent Assurance Statement

Introduction

Libero Assurance (Libero'), has been entrusted by the management of Sagar Cements Limited (SCL, the Company), to conduct independent assurance of SCL Financial year 2018-19 Sustainability Report, (the report) for its India operations. All contractual contents of this assurance agreement rest entirely within the responsibility of SCL. Our task was to give fair and adequate judgement on the SCL Report. This assurance engagement is based on the assumption that the data and information provided to us is authentic and complete.

The intended users of this assurance statement are stakeholders having relevance to SCL's overall sustainability performance and impact of its business activities during 1st April 2018-31st March 2019. Libero Assurance (the Agency), headquartered at Greece, is an international certification body accredited by two Accreditation bodies, IAS (USA based) and E.SY.D. (EU based). The agency has experienced and qualified professionals in the field of quality, sustainability services and environment. We maintained complete impartiality and independence during the assurance engagement and were not involved the preparation of report contents.

Assurance Standard

The independent Assurance was carried out generally in accordance with the Global Reporting Initiative (GRI) Standard (2016) "In Accordance-Core", AccountAbility, U.K Standard AA1000AS (2008) with 2018 addendum, AA1000AP (2018) and AA1000SES (2015)

Scope, Boundary and Limitations of Assurance

The scope of the assurance includes the verification of the content of the Report, prepared based on GRI Standard "in accordance-Core". In particular the assurance covers following:

- Verification of the application of the Report content, principles set out in GRI Standards and quality of information presented in the Report covering reporting period from 1 April 2018 to 31 March 2019;
- Review of the disclosures with respect to policies, initiatives, practices and performance described in the Report;
- Review of the Report against the requirements of Type 1, Moderate level assurance based on Accountability's Assurance Standard AA1000AS (2018);

The reporting boundary is as set out in the Report, covering sustainability performance of Sagar Cements Limited. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. No external stakeholders were interviewed as part of this assurance engagement. The assurance was based on the data provided in the report, online meetings and documents provided by the company, assuming they are true and complete.

Verification Methodology

Libero Assurance challenged the report contents and assess the process undertaken by SCL from source to aggregate in disclosure of information/data related to their sustainability performance. Our judgement is based on the objective view of reported information as per criteria defined under Assurance standards.

We used analytical methods and the performance of interviews to verify and validate the correctness of reported data and contents in light of the contractual agreement. For understanding the material issues of the company, we adopted a risk-based approach and verified efforts on the identified issues of high material relevance to Company's business and its stakeholders.

- Verified the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- Examined and reviewed documents, data and other information made available;
- Conducted interviews online with key representatives including data owners and decision-makers from different functions;

We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below:

Inclusivity: The Company engages in direct dialogue with key stakeholders to identify emerging issues through different channels. Although, no specific consultation was done for the purpose of developing this report, material issues that emerged from stakeholder consultation through various channels were fairly collected and prioritized, and the results are reflected in the Report.

Materiality: The Company has reported its material issues of significance. The identified material issues are adequately covered in the Report.

Responsiveness: We consider that the Company's response to key stakeholder concerns, through its policies and management systems, allocation of resources including governance as fairly reflected in the Report.

Specific evaluation of the information on Sustainability Performances

We consider the methodology and processes for gathering information developed by the Company for its sustainability performance reporting to be appropriate and the qualitative and quantitative data included in the Report was found to be identifiable. The personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the Company's sustainability activities.

Positive Observations

- Life cycle analysis of the product to understand the impacts in various phases of lifecycle
- Strong thrust from one and all, within the Organization, on Sustainable Development
- CSR activities with the community by providing jobs, drinking water, doctor advice, education on rainwater harvesting, waste segregation and project for utilizing the waste in the process of Sagar Cements Limited.

Opportunities for Further Improvement

- Management plan and target for next 3-5 years can be included in report with more details.
- Management approach can be made clear by giving process details

For Libero Assurance,

Gayathri R.
Lead Verifier
15th & 16th May 2020

GRI Index

GRI Standard 2016	Disclosure	Disclosure	Page no.
		Organization Profile	
	102-1	Name of the Organization	3
	102-2	Activities, Brands, Products, and Services	12-15
	102-3	Location of Headquarters	Back Cover
	102-4	Location of Operations	13
	102-5	Ownership and Legal form	12,28
	102-6	Markets Served	13
	102-7	Scale of the Organization	6, 13, 50, 28
	102-8	Information on Employees and other Workers	50
	102-9	Supply Chain	54
	102-10	Significant Changes to the Organization and its Supply Chain	No Significant Changes have been Made
	102-11	Precautionary Principle or Approach	21
	102-12	External Initiatives	Doesn't Subscribes to Externally Developed Charters
	102-13	Membership of Associations	62
		Strategy	
	102-14	Statement from Senior Decision-maker	10-11
		Ethics and Integrity	
	102-16	Values, Principles, Standards, and Norms of Behavior	22
		Governance	
	102-18	Governance Structure	19-20

GRI Standard 2016	Disclosure	Disclosure	Page no.
		Stakeholder Engagement	
	102-40	List of Stakeholder Groups	23
	102-41	Collective Bargaining Agreement	51
	102-42	Identifying and Selecting Stakeholders	23
	102-43	Approach to Stakeholder Engagement	23
	102-44	Key Topics and Concerns Raised	24
		Reporting Practice	
	102-45	Entities Included in the Consolidated Financial Statements	3, 12
	102-46	Defining Report Content and Topic Boundaries	24
	102-47	List of Material Topics	24
	102-48	Restatements of Information	3
	102-49	Changes in Reporting	This is the First Report
	102-50	Reporting Period	3
	102-51	Date of Most Recent Report	This is the First Report
	102-52	Reporting Cycle	3
	102-53	Contact Point for Questions Regarding the Report	3
	102-54	Claims of Reporting in Accordance with the GRI Standards	3
	102-55	GRI Content Index	62
	102-56	External Assurance	60

Material Topic	Disclosure	Page No.s
Economic		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	27
	GRI 103-3: Evaluation of the Management Approach	27
GRI 201: Economic Performance 2016	Disclosure 201-1 Direct Economic Value Generated and Distributed	28
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	30
	GRI 103-3: Evaluation of the Management Approach	30
GRI 301: Materials 2016	Disclosure 301-1: Materials Used by Weight or Volume	30
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	31
	GRI 103-3: Evaluation of the Management Approach	31
GRI 302: Energy 2016	Disclosure 302-1 Energy Consumption within the Organization	31-33
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	40-41
	GRI 103-3: Evaluation of the Management Approach	40-41

Material Topic	Disclosure	Page No.s
GRI 303: Water 2016	Disclosure 303-1 Water Withdrawl by Source	40-41
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	21
	GRI 103-3: Evaluation of the Management Approach	21
GRI 307: Environmental Compliance 2016	Disclosure 307-1 Non-compliance with Environmental Laws and Rregulations	21
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	50-51
	GRI 103-3: Evaluation of the Management Approach	50-51
GRI 401: Employment 2016	Disclosure 401-1 Total Number and Rates of new Employee Hires and Employee Turnover by age Group, Gender, and Region	50-51
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	46-49
	GRI 103-3: Evaluation of the Management Approach	46-49
GRI 403: Occupational Health & Safety 2016	Disclosure 403-2 Types of Injury and Rates of Injury, Occupational Diseases, Lost Days, and Absenteeism, and Number of Work-related Fatalities	46-49

Material Topic	Disclosure	Page No.s
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	50-53
	GRI 103-3: Evaluation of the Management Approach	50-53
GRI 404: Training and Education 2016	Disclosure 404-1 Average Hours of Training per year per Employee	53
	Disclosure 404-3 Percentage of Employees Receiving Regular Performance and career Development Reviews	51
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	55-59
	GRI 103-3: Evaluation of the Management Approach	55-59
GRI 413: Local Communities 2016	Disclosure 413-1 Operations with Local Community Engagement, Impact Assessments, and Development Programs	55-59
Socioeconomic Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	24-25
	GRI 103-2: The Management Approach and its Components	21
	GRI 103-3: Evaluation of the Management Approach	21
GRI 419: Socioeconomic Compliance 2016	Disclosure 419-1 Non-compliance with Laws and Regulations in the Social and Economic Area	21

Abbreviations

MT	:	Metric tonne
TPA	:	Tonnes per annum
MTPA	:	Million Tonnes per annum
mn Tonnes	:	Million tonnes
TPD	:	Tonnes per day
C	:	Centigrade
KJoule/Kg	:	Kilojoule per kilogram
KCal	:	Kilocalories
KCal/Kg	:	Kilocalories per kilogram
TCO2e	:	Tonne of CO2 equivalent
TCO2e/Ton	:	Tonne of CO2 equivalent per tonne
J	:	Joules
KJoule/Kg	:	Kilo Joules per kilogram
GJ	:	Giga Joules
KL	:	Kilo liters
KWh	:	Kilo watt hour
MW	:	Mega watts
LTIFR	:	Lost time Injury frequency rate
ISO	:	International organisation for Standardization
TSR	:	Thermal substitution Rate
Ltrs	:	Litres
Kgs	:	Kilograms
OPC	:	Ordinary Portland Cement
PPC	:	Portland Pozzalana Cement
eq	:	Equivalent

Conversion Factors

1 kWh	0.0036 GJ
1 kCal	4.18 kJ
1 J	1 W-Sec

Memberships

Confederation of Indian Industry

Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry.

Corporate and Registered Office:

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