SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2017-18

28th September 2017

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

Symbol: SAGCEM
Series: EQ

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

Scrip Code: 502090

Dear Sirs

Sub: Filing of Adopted annual accounts for the year ended 31st March, 2017 – Regulation 34 (1) of the SEBI (LODR) Regulations 2015

...

We refer to our letter dated 28th August, 2017 forwarding soft copy of our Annual Report containing, inter-alia, the audited Annual Accounts for the year ended 31st March, 2017, Director's Report, Auditor's Report and Notice of the Annual General Meeting (AGM).

We wish to inform you that the audited annual accounts as contained in the above said report were adopted by our shareholders at their 36th Annual General Meeting held on 22nd September, 2017.

In compliance with Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, we now forward herewith the Annual Report as adopted at the above said AGM.

Thanking you

Yours faithfully
For Sagar Cements Limited

R Soundararajan
Company Secretary

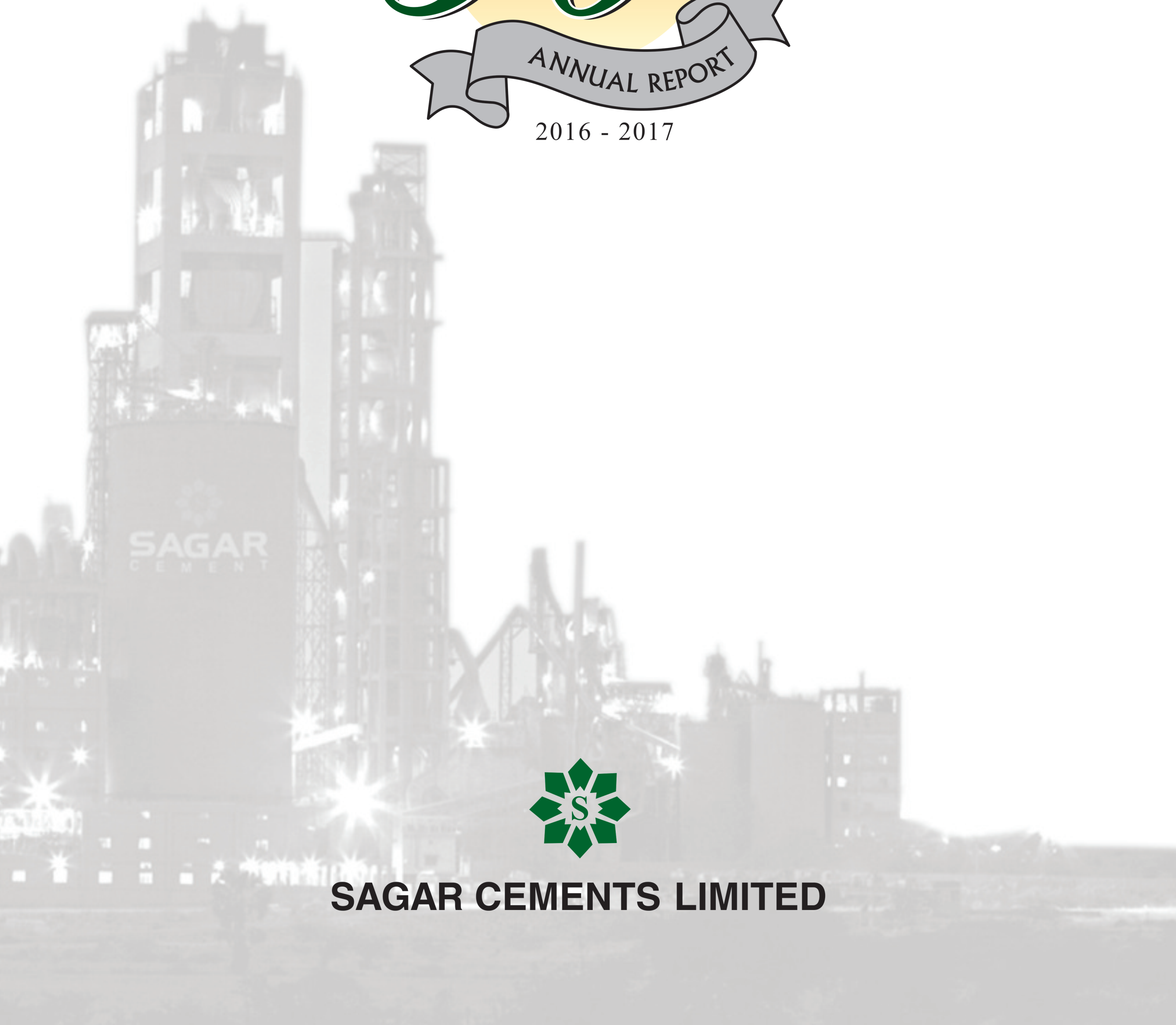
Encl.

SAGAR CEMENTS

36th

ANNUAL REPORT

2016 - 2017



SAGAR CEMENTS LIMITED

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BOARD OF DIRECTORS

Shri O.Swaminatha Reddy	Chairman – Independent & Non-Executive
Shri S.Veera Reddy	Managing Director
Dr.S.Anand Reddy	Joint Managing Director
Shri S.Sreekanth Reddy	Executive Director
Mrs.S.Rachana	Non Executive Director
Shri K.Thanu Pillai	Independent & Non Executive
Shri V.H.Ramakrishnan	Independent & Non Executive
Shri John-Eric Fernand Pascal Cesar Bertrand	Non Executive
Shri K.Rajendra Prasad	APIDC Nominee (up to 20.04.2017)
Shri T.Nagesh Reddy	APIDC Nominee (w.e.f.20.04.2017)
Shri Jens Van Nieuwenborgh	Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand (w.e.f.29.05.2017)

COMPANY SECRETARY
Shri R.Soundararajan

CHIEF FINANCIAL OFFICER
Shri K.Prasad

SENIOR MANAGEMENT TEAM

Corporate Office:

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

Plant:

Shri D.S.N.V.Prasad	Vice President (Works)
Shri M.V.Ramana Murthy	Sr.Asst.Vice President (Production & QC)

AUDITORS
Deloitte Haskins & Sells
Chartered Accountants (FR No.008072S)
1-8-384 & 385, 3rd Floor, Gowra Grand
S.P.Road, Begumpet, Secunderabad-500 003

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

BANKERS
State Bank of India
Yes Bank Limited
IDBI Bank Limited

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

CORPORATE IDENTITY NUMBER
L26942TG1981PLC002887

PLANTS

Mattampally, Via Huzurnagar Nalgonda District, Telangana 508 204 Tel: 08683 – 247039	Pedaveedu, Via Huzurnagar Nalgonda District, Telangana-508 204 Tel.08683 – 216533 / 247333	Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Andhra Pradesh-531031 Tel: 08924 – 244098 / 244550

SAGAR CEMENTS LIMITED

(CIN : L26942TG1981PLC002887)

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of Sagar Cements Limited will be held on Friday the 22nd September 2017 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, 2017 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 2017 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 2017 together with the repot of the auditors thereon be and are hereby received, considered, approved and adopted.

2. To declare dividend @ ₹ 1.50 per share (15%) on the equity shares of the company for the financial year ended 31st March, 2017 and in this regard to pass the following resolution as an ordinary resolution.

   "Resolved that a dividend @ ₹ 1.50 per share (15%) be and is hereby declared on the 2,04,00,000 equity shares of ₹ 10/- each of the company for the Financial Year ended 31st March 2017.

3. To appoint a director in the place of 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 appoint a director in the place of 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."

5. Ratification of appointment of Auditors

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

   "Resolved that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S), as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 37th Annual General Meeting of the Company to be held in the year 2018, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the said Auditors, be and is hereby ratified."

SPECIAL BUSINESS

6. Ratification of remuneration payable to the Cost Auditors

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

   "Resolved that pursuant to Section 148(3) and other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the approval of payment of remuneration of ₹ 2,50,000/- excluding 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, 2018."

By Order of the Board of Directors

R.Soundararajan
Company Secretary

Hyderabad
27th July, 2017
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 in respect of the persons seeking re-appointment as directors, are given in the Annexure-2.

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

4. A person can act as a proxy on behalf of members upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such proxy shall not act as a proxy for any other person or member.

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

6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR Code and IFSC Code, mandates, nominations, power of attorney, change of address, change of name, email address, contact numbers etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records. Similarly, Members holding their shares in physical form are requested to inform the above changes to the Company or its Registrar and Share Transfer Agents (RTA), M/s.Karvy Computershare Private Limited (Karvy).

   The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy.

7. To promote green initiative, members are requested to register their e-mail address through their Depository Participants for sending future communications to them by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.

8. Electronic copy of the Annual Report is being sent to all the members whose e-mail IDs are registered with the Company's RTA/Depository Participants, unless such members have requested for a hard copy of the same. 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 16th September, 2017 to 22nd September, 2017 (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 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, 2009 (Final) 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.

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
2009-10	Final	25%
2010-11	Final	20%
2011-12	Final	30%
2012-13	Final	10%
2014-15	Interim	50%
2014-15	Final	25%
2015-16	Interim	50%

12. Members may note that the Annual Report for 2016-17 is also available on the Company's website www.sagarcements.in for their 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 **15th September, 2017**, 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 18th September, 2017, and will end at 5.00 p.m. on 21st September, 2017**. The Company has appointed M/s.B S S & Associates, Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the 'Scrutinizer', to scrutinize the e-voting process and voting through ballot in a fair and transparent manner. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

PROCEDURE AND INSTRUCTIONS FOR e-VOTING

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

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

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

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

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

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

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

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

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

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

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

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email bssass99@gmail.com 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 your vote by electronic means.

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

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

OTHER INSTRUCTIONS

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

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

c. The remote e-voting period commences on 18th September, 2017 at 9.00 A.M. (IST) and ends at 5.00 p.m. (IST) on 21st September, 2017. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15th September, 2017, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 15th September, 2017.

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., 15th September, 2017, 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 "Sagar Cements Limited"

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 18th September 2017 to 5.00 p.m. (IST) on 21st September, 2017.

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 make, not later than two days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.sagarcements.in immediately. The Company shall simultaneously forward the results to National Stock Exchange and Bombay Stock Exchange.

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 their 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 21st September, 2017 (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 sixth AGM is annexed.

By Order of the Board of Directors

Hyderabad
27th July, 2017

R.Soundararajan
Company Secretary

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

Annexure to the Notice of the 36th 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 27th July 2017.

On Item No.5

The shareholders at their 34th AGM held on 23rd September 2015 had appointed M/s.Deloitte Haskins & Sells, (Firm Registration No.008072S), Chartered Accountants as statutory auditors of the company to hold office from the conclusion of the said AGM up to the conclusion of the 39th AGM.

As per provisions of Section 139 (1) of the Act, the above appointment needs to be placed before the members at every Annual General Meeting for ratification..

Accordingly, a resolution seeking members ratification of the above said appointment for the period mentioned in the said resolution is submitted in Item No.5 of the Notice for approval of the members.

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

On Item No.6

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 2017-18 on a remuneration as detailed in the resolution, submitted in Item No.6 of the Notice.

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.6 of the Notice is submitted for approval of the members.

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

By Order of the Board of Directors

Hyderabad
27th July, 2017

R.Soundararajan
Company Secretary

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

Annexure 2

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

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

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	She is a non-executive director on the Board and draws no remuneration other than the sitting fee for attending the meetings of the Board and its committees. Currently she is a 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.
Directorships and memberships of the committees of the board in other listed entities.	Sagar Cements (R) Ltd. (Formerly BMM Cements Ltd.) Sagarsoft (India) Ltd.	Nil
No. of shares held in Sagar Cements Ltd.	12,38,753	11,64,280
Inter-se relationship with other Directors of the Company	Related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Mrs.S.Rachana, Director	Related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director

By Order of the Board of Directors

Hyderabad
27th July, 2017

R.Soundararajan
Company Secretary

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

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT

Dear Members

Your Directors are pleased to present their Thirty Sixth Annual Report together with the audited Stand-alone and Consolidated financial statements of the Company for the year ended 31st March, 2017.

Financial Results

(₹ in Lakhs)

Particulars	Standalone As on 31-03-2017	Standalone As on 31-03-2016	Consolidated As on 31-03-2017	Consolidated As on 31-03-2016
Revenue from Operations (Net)	**62,000**	70,811	**94,159**	86,242
Other Income	**2,312**	2,828	**352**	408
Total Revenue	**64,312**	73,639	**94,511**	86,650
Earnings before Interest, tax, Depreciation and Amortization (EBITDA),	**8,249**	12,368	**11,389**	12,720
Finance costs	**3,045**	2,915	**6,208**	4,186
Depreciation	**2,800**	2,346	**4,759**	3,472
Profit before Tax	**2,404**	7,107	**422**	5,062
Total of tax expenses	**1,155**	2,189	**814**	635
Profit after Tax	**1,249**	4,918	**-392**	4,427
Add : Profit brought forward from the previous year	**39,522**	36,856	**39,032**	36,856
Profit available for appropriation	**40,771**	**41,774**	**38,640**	**41,283**
Appropriations:				
Less: Dividend	**-**	1,304	**-**	1,304
Less: Tax on Proposed Dividend on Equity Shares	**-**	266	**-**	266
Other Comprehensive Income	**-4**	53	**-23**	53
Less: Additional Depreciation on account of adjustment as per Companies Act, 2013	**-**	735	**0**	735
Add: Other Adjustments	-	-	-1	1
Total Appropriations	**-4**	**2251**	**-23**	**2,251**
Balance carried to Balance Sheet	**40767**	**39,522**	**38,616**	**39,032**
Earnings Per Share (Basic and Diluted) (₹)	**6.98**	**28.28**	**-2.19**	**25.46**

Dividend

Your Board has recommended a dividend of ₹ 1.50 (15%) per share on the 20,400,000 equity shares of ₹10/- each.

Transfer to reserves

The entire balance available in the Profit and Loss Account is retained in it as no transfer from it to reserves is contemplated.

Share Capital

Pursuant to the approvals accorded by the Shareholders at their Extraordinary General Meeting held on 23.11.2016, your board has allotted 6,11,986 equity shares of ₹ 10/- each at a premium of ₹ 790/- per shares through preferential allotment and 24,00,000 equity shares of ₹10/- each at a premium of ₹ 710/- per share to the Qualified Institutional Buyers through Qualified Institutional Placement. Your Board is thankful to the investors for their confidence reposed in the company and making the above allotments a success. The funds raised through the above issues are being utilized for their intended purposes namely, expansion of your grinding unit at Bayyavaram, setting up of a coal based power plant at your Mattampally unit and for general corporate purposes.

After the above said allotments, the paid-up share capital of the company now stands at ₹ 20,40,00,000/- divided into 2,04,00,000 equity shares of ₹ 10/- each.

Management Discussion Analysis

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

Industry Structure and Development

Cement being a basic building material and used widely in urban housing and industrial sectors and in developing infrastructure, its per capita consumption is an important index of a country's economic growth.

India is the second largest producer of cement in the world and the cement industry in India forms a vital part of its economy, providing employment to more than a million people, directly and indirectly. The top 20 cement companies account for almost 70 per cent of the total cement production in the country. While a total of 188 large cement plants together account for 97 per cent of the total installed capacity in the country, 365 small plants account for the rest. Of these large cement plants, 77 plants are located in the Southern States alone.

This industry is expected to grow at a significant phase due to increase in the government's push for large infrastructure projects, leading to an incremental demand for 45 million tonnes (MT) of cement in the next three to four years.

Company's performance

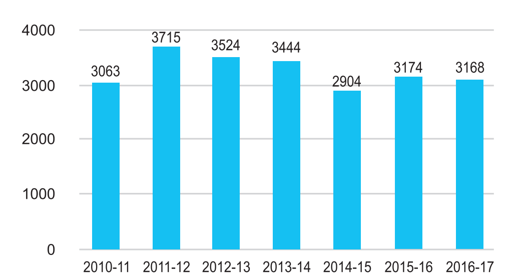
The Infrastructure, construction and realty sectors which consume major part of the cement produced in the country which were on the path of recovery, witnessed a slow-down in the later part of the year 2016-17 due to disruption caused by demonitisation.

Further, speedy revival of demand for cement in Telangana and Andhra Pradesh that was expected following the bifurcation of the erstwhile state of Andhra Pradesh is yet to reach the level hoped for, as the plans announced by the Governments in these states to boost the infrastructure activities post-bifurcation are still in the initial stages. This is a matter of concern for your company as these two states are its major markets. As a result, the cement industry in these states and your company in particular, continues to face challenges with pricing pressure and weak demand.

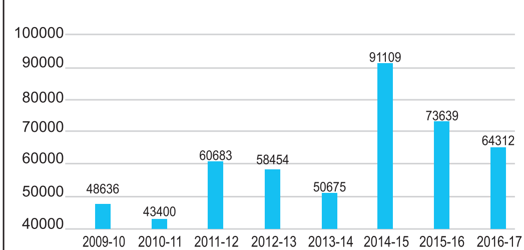
When viewed in the above contexts, the performance of your company on a stand-alone basis during the year 2016-17 in terms of production, sale and average net sales realization per ton of cement is satisfactory.

Particulars	2016-17	2015-16
Cement Production in MTs	**1,521,565**	1,517,859
Cement Sales in MTs	**1,537,237**	1,517,112
Average Net Sales Realization per MT (₹)	**3,077**	3,174
Total Revenue (₹ In lakhs)	**64,312**	73,639

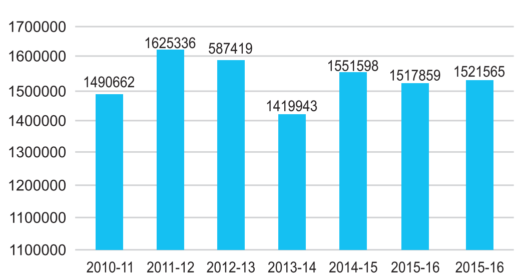
Average Net Sales Realisation Rs per MT



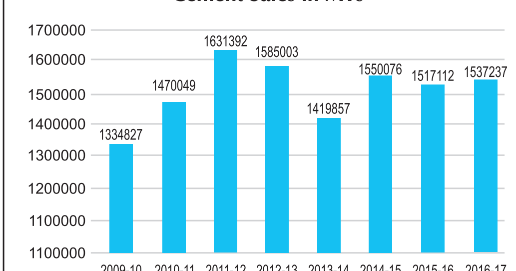
Total Revenue Rs. in Lakhs

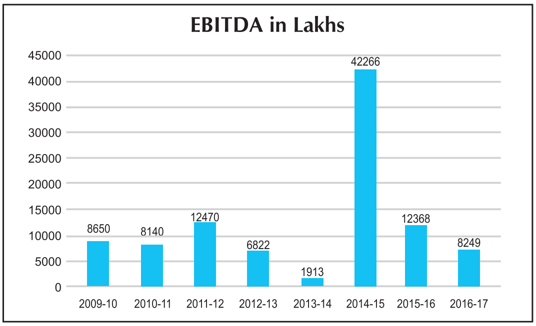


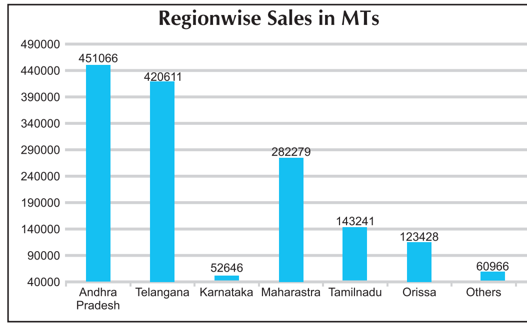
Cement Production in MTs



Cement Sales in MTs







Subsidiaries, Joint Ventures or Associate Companies

As you are aware, 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 its cement plant of 1.00 Million MTs per annum capacity along with a coal based captive power plant of 25 MW capacity in Gudipadu Village in Ananthapur District, A.P.

Prior to the said acquisition, this subsidiary was operating at a very low capacity due to, inter-alia, outsourcing of lime stone at high cost for its cement production, as it was yet to obtain the requisite permission to extract the lime stone available in its captive mines. With the necessary mining permission having since been obtained, the said subsidiary, by utilizing the limestone available from its captive resources, is presently operating at a capacity level of around 67%.

To meet the funds requirement of this subsidiary to enable it to resume its normal operations after its acquisition by your company and to strengthen its long term funds requirements, your company, post its acquisition of the said subsidiary, extended financial assistance to the extent of ₹ 259.01 Crores initially in the form of inter-corporate loan and later converted a sum of ₹ 172.00 Crores outstanding against the said loan into Cumulative Redeemable Preference Shares. Apart from this, your Company has also furnished a corporate guarantee for redemption of the debentures issued by the said subsidiary to the International Finance Corporation, details of which have been provided in the financial statements.

The cement produced by this subsidiary is sold under the brand name "SAGAR". As this subsidiary further consolidates itself and improves upon its operations, the investments made by your company in this subsidiary will prove to be beneficial to your company.

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

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

Grinding Unit in Bayyavaram

Demand for cement is expected to pick up at a faster rate in Odisha, West Bengal and in the Vizag region of Andhra Pradesh, where the focus is likely to be more on the investments in infrastructure sector. 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' is expected to give further push to the said demand for cement in these regions.

In this connection you may recall that we had informed you in our previous report that with a view to catering to the markets in the above areas, your Company was planning to acquire a grinding unit of 181500 MT capacity at Bayyavaram in Visakhapatnam District of A.P. and to expand its capacity to 0.3 million tonnes at a total cost of ₹ 67 crores, which would enable your company to transport the surplus clinker available at its plant in Mattampally to Bayyavaram, for grinding it into slag cement to meet the demand in the said markets. Your directors are happy to inform you that the said acquisition having since been completed, the expansion of its capacity as planned is underway.

Opportunities and threats:

Constraints on inputs:

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

As you may recall, we had mentioned in our previous report, of your Company's proposal to set up a waste heat recovery plant at its unit in Mattampally at a cost of ₹ 65.23 Crores. We are glad to inform you that this project started generation of power on 19.06.2017 and this, on attaining its full capacity of 6 MW, would further contribute to your company's efforts in reducing the energy cost.

Your directors wish to inform you that to supplement your company's efforts in the above area, your company is also setting up coal based power plant of 18 MW capacity and a solar power plant of 1 MW capacity at its plant in Mattampally at a cost of ₹ 99.41 Cores and ₹ 4.70 Crores respectively and barring unforeseen circumstances these plants will be commissioned by 31.03.2019 and 01.12.2017 respectively.

However, logistics continues to be the main area of concern with the distribution cost remaining a significant component in the cost structure. The railway siding project commissioned in the last quarter of the previous year is a significant step in optimizing the freight cost.

Lower demand

Housing sector which accounts for 60 to 70 % of cement demand is yet to pick-up in a big way both in Telangana and Andhra Pradesh, which are the major markets for your company. While the initiatives by the governments, like 'Smart Cities Mission', will help the construction, real estate, infrastructure and cement sectors in due course, the cement industry may have to wait for some more time to see any significant revival in demand in these states.

In the above circumstance, your company which is already serving the markets in Telangana, Andhra Pradesh and in the border areas of the neighboring states, needs to look into expanding its market into interior areas of its neighboring states. However, the freight cost involved in moving the material from its plants at Mattampally and Bayyavaram discourages it to reach out to such far away markets, as the price of the locally produced cement would be much cheaper.

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

Impact of entry of global players:

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

Future outlook

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

Telangana and Andhra Pradesh will continue to be the major markets for your Company, notwithstanding the plans to expand its market in other states. With the respective Governments in these states rightly focusing on the development of infrastructure along with the importance given by the Union Government for the development of National Highways, Rural and Urban Roads, Affordable Housing, Port Connectivity, Development of smart cities etc., coupled with private agencies coming up with a slew of their infrastructure development projects, demand for cement in these and their neighboring states is expected to see a significant growth, which augurs well for your company, which, with its aggressive and innovative marketing duly supported by its well motivated marketing personnel, is poised to grab the opportunity available in this scenario.

However, till such time that the above scenario becomes a reality, your company may have to continue to face the problems like rising input and distribution costs notwithstanding the efforts being made by your company to mitigate the same.

The Goods and Services Tax rate of 28% fixed by the Government with effect from 01st July, 2017 which may not have major impact on the cement industry. The Company will optimize the distribution/warehouse network under GST regime to further improve the operational efficiency.

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

Risk Management System:

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

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

The 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 insurance coverage for the company’s facilities.

Internal Control System and its adequacy:

The Board of Directors are satisfied with the adequacy of the internal control system in force in all major areas of operations of the Company, which is 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, the 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. Employees are also encouraged to participate in the seminars organized by the external agencies related to the areas of their operations.

Your company continues to focus on attracting and retaining competent personnel and providing a holistic environment where they get opportunities to 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, the company has constituted an Internal Complaints Committee. No complaints were received or disposed off during the year under the above Act.

Awards and Recognitions

Your company was the recipient of the prestigious "Best Management Award" for the second time in the year 2017 from the Government of Telangana.

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, the board of directors, to the best of their knowledge and ability, confirm that:

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

ii. they 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. they 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. they have prepared the annual accounts on a going concern basis;

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

vi. they 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

The Andhra Pradesh Industrial Development Corporation has appointed Shri P. Nagesh Reddy as a nominee director on your Board in the place of its earlier nominee, Shri K.Rajendra Prasad.

Shri Jens Van Nieuwenborgh has been appointed as an alternate director to Shri John-Eric Fernand Pascal Cesar Bertrand

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri.S.Sreekanth Reddy and Smt.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.

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

Number of meetings of the board

Nine (9) meetings of the board were held during the year 2016-17. Details of these meetings have been given in the corporate governance report, which forms part of the Annual Report.

Policy on directors' appointment and remuneration and other details

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

Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the board has adopted a policy for nomination, remuneration and other related matters for directors and senior management personnel. A gist of the policy is available 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 and 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, to hold office from the conclusion of the said Annual General Meeting till the conclusion of the 39th Annual General Meeting, subject to ratification of the said appointment by the shareholders at every Annual General Meeting. Accordingly, an appropriate proposal is being placed before the shareholders as part of the Notice of the ensuing Annual General Meeting seeking their required ratification.

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.

Cost Auditors

M/s.Narasimha Murthy & Co., Cost Auditors of the company have been appointed as Cost Auditors of the company for the year ending 31st March 2018. A resolution seeking member's ratification of the remuneration payable to the Cost Auditors has been included in the notice of the AGM. The reports submitted by the Cost Auditors will be filed with the appropriate authorities within the prescribed time.

Particulars of loans, guarantees and investments

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

Transactions with related parties

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

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

Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of 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 provided under Section 92 (3) of the Act, an extract of annual return is given in **Annexure-5** in the prescribed Form MGT-9, which forms part of this report.

Particulars of Employees

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

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year: (₹ in Lakhs)

Particulars	Ratio to Median Remuneration
Non-Executive Directors *	
Executive Directors	
Shri S.Veera Reddy	31.49
Dr.S.Anand Reddy	31.49
Shri S.Sreekanth Reddy	23.74

*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: (₹ in Lakhs)

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Shri O.Swaminatha Reddy	These directors were not paid any remuneration, other than sitting fee, in which there was no increase during the financial year
Shri K.Thanu Pillai	
Shri K.Rajendra Prasad (APIDC Nominee)	
Shri John-Eric Fernand Pascal Cesar Bertrand	
Shri V.H.Ramakrishnan	
Mrs.S.Rachana	
Shri S.Veera Reddy	-53.28
Dr.S.Anand Reddy	-44.66
Shri S.Sreekanth Reddy	-54.07
Shri R.Soundararajan	15.45
Shri K.Prasad	22.95

c. The percentage increase in the median remuneration of employees in the financial year: 4.08%

d. The number of permanent employees on the rolls of Company: 479

e. The explanation on the relationship between average increase in remuneration and Company performance:

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

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

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

Aggregate remuneration of key managerial personnel (KMP) in FY17 (₹ crores)	1.82
Revenue (₹ crores)	643.12
Remuneration of KMPs (as % of revenue)	0.28
Profit before Tax (PBT) (₹ crores)	24.04
Remuneration of KMP (as % of PBT)	7.57

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

Particulars	March 31, 2017	March 31, 2016	% Change
Market capitalization (₹ in Crores)	**1,622.72**	689.43	135.37
Price Earning Ratio	**115.79**	13.85	735.56

h. 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, 2017	June 22, 1992	% Change
Market Price in NSE	**795.45**	Not listed	-
Market Price in BSE	**795.05**	45.00	1,666.78

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

The average annual increase was around 12% for personnel other than managerial personnel.

Increase in the managerial remuneration for the year was -50.72 %.

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

Description	MD	CS	CFO
Remuneration in FY17 (lakhs)	126.15	25.12	30.81
Revenue (lakhs)		64,312	
Remuneration as % of revenue	0.196	0.039	0.048
Profit before Tax (PBT) (lakhs)		2,404	
Remuneration **(as % of PBT)**	5.248	1.045	1.281

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

Commission is the only variable component which depends on profit earned during the relevant year and is subject to approval of the remuneration committee / Board.

l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **None.**

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

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

Disclosure requirements

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

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

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees of the company to report 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 Auditors of the Company regarding compliance with the conditions of Corporate Governance is attached to this Report along with a report on Corporate Governance.

Cautionary Statement

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

Acknowledgement

Your Directors wish to place on record their appreciation of the valuable co-operation extended to 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
27th July 2017

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 (Formerly known as BMM Cements Ltd.)
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	10,381.00
5.	Reserves & surplus	-874
6.	Total assets	56,170.00
7.	Total Liabilities	56,170.00
8.	Investments	Nil
9.	Turnover	34,313.00
10	Loss before taxation	1,817.00
11.	Provision for taxation	341.00
12.	Loss after taxation	1,495.00
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

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

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

Place: Hyderabad
Date: July 27, 2017

R.Soundararajan
Company Secretary

ANNEXURE – 2

Form No. MR-3

Secretarial Audit Report
For the Financial Year ended on 31st MARCH, 2017

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

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

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

Based on our verification of *Sagar Cements Ltd's* books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by *Sagar Cements Ltd* ("the Company") for the financial year ended on March 31, 2017 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;
2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 - **Not applicable as the Company has not granted any Options to its employees during period under review;**
   e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities during the period under review;**
   f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the period under review;**
   g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **- Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and**
   h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back its securities during the period under review.**

6) Employees Provident Fund and Miscellaneous Provisions Act, 1952
7) Employees State Insurance Act, 1948
8) Employers Liability Act, 1938
9) Environment Protection Act, 1986 and other environmental laws
10) Equal Remuneration Act, 1976
11) Factories Act, 1948
12) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
13) Maternity Benefits Act, 1961
14) Minimum Wages Act, 1948
15) Negotiable Instruments Act, 1881
16) Payment of Bonus Act, 1965
17) Payment of Gratuity Act, 1972
18) Payment of Wages Act, 1936 and other applicable labour laws
19) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
    i. Cement Cess Rules, 1993;
    ii. Cement (Quality Control) Order, 1995;
    iii. Environmental (Protection) Act, 1986 read with Environmental Protection Rules, 1986;
    iv. The Hazardous Wastes (Managements Handling and Transboundry Movement) Rules, 2008;
    v. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
    vi. Water (Prevention & Control of Pollution) Cess Act, 1977;
    vii. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;
    viii. The Noise Pollution (Regulation And Control) Rules, 2000; and
    ix. Mines Act, 1952 and Rules issued thereunder.

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

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

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

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

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

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

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of Board of Directors during the period under review.

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

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

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

We further report that, during the audit period:

i. Members had granted their consent at their Extra-ordinary General Meeting of the Company held on November 23, 2016 to re-classify the Authorized Share Capital of the Company, and to consequential amendments in its Memorandum of Association and Articles of Association.

ii. The Securities Allotment Committee of the Board of Directors of the company at their meeting held on December 07, 2016, had allotted, 6,11,986 equity shares of ₹ 10/- each at an issue price of ₹ 800/- per equity share on a preferential basis in accordance with the approval given by the shareholders at their meeting held on November 23, 2016.

iii. The Securities Allotment Committee of the Board of Directors of the company at their meeting held on February 14, 2017, had allotted, 24,00,000 Equity Shares of ₹ 10/- each at an issue price of ₹ 720/- per equity share through Qualified Institutional Placement in accordance with the approval given by the shareholders at their meeting held on November 23, 2016.

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

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

Place: Hyderabad
Date: 10-05-2017

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, 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 neither an assurance as to the future viability of the Company nor 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: 10-05-2017

Annexure 3

Form No. AOC-2

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

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

1. **Details of contracts or arrangements or transactions not at arm's 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 2016-17.

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

   There were no material contracts or arrangements or transactions on related parties during the financial year 2016-17.

On behalf of the Board of Directors

Hyderabad
27th July, 2017

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 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 and Shri S.Sreekanth Reddy as its members.

3. **Average net profit/(Loss) of the company for last three financial years for the purpose of computation of CSR:** ₹ 2084 lakhs.

4. **Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above):** ₹ 42 lakhs.

5. **Details of CSR spent during the financial year:**

   a. Total amount spent for the financial year: ₹ 47 lakhs.

   b. Amount unspent: Nil

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

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	2,35,000	2,35,000	10,56,293	Direct
02	Training and educating	Promotion of Education and infrastructure for it.	Local Areas of Nalgonda Dist, Telangana	6,30,070	6,30,070	20,60,957	Direct
03	Training and promotion of sports	Organizing sports events and sponsor of sports personnel	Local Areas of Nalgonda Dist, Telangana	45,800	45,800	12,68,220	Direct
04	Rural Development	Laying of Roads and related works	Local Areas of Nalgonda Dist, Telangana	37,68,156	37,68,156	62,26,093	Direct
	Total CSR Spent			**46,79,026**	**46,79,026**	**1,06,11,563**	

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

Not applicable

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

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

S.Veera Reddy
Managing Director

K.Thanu Pillai
Chairman, Corporate Social Responsibility Committee

Hyderabad, 27th July, 2017

Annexure 5

Form No.MGT-9

Extract of Annual Return
as on the financial year ended on March 31, 2017

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

I. Registration and other details

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

II. Principal Business Activities of the Company

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Manufacture of Cement	3242	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 known as 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	8694873	0	8694873	50.00	9003118	0	9003118	44.13	-5.87
(b)	Central Government/ State Government(s)									
(c)	Bodies Corporate	1204785	0	1204785	6.93	1204785	0	1204785	5.91	-1.02
(d)	Financial Institutions/ Banks									
(e)	Any Others(Specify)									
	Sub Total(A)(1)	**9899658**	**0**	**9899658**	**56.93**	**10207903**	**0**	**10207903**	**50.04**	**-6.89**
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)	**9899658**	**0**	**9899658**	**56.93**	**10207903**	**0**	**10207903**	**50.04**	**-6.89**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	1037109	1600	1038709	5.97	2777863	0	2777863	13.62	7.65
(b)	Financial Institutions / Banks									
(c)	Central Government / State Government(s)									
(d)	Venture Capital Funds									
(e)	Insurance Companies	0	0	0	0.00	300741	0	300741	1.47	1.47
(f)	Foreign Institutional Investors / FPIs	375000	0	375000	2.16	779559	0	779559	3.82	1.66
(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		No. of shares held at the beginning of the year				No. of shares at the end of the year				% of during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(h)	Qualified Foreign Investors									
(i)	Any Other (specify) (Trust)	300	0	300	0.00	0	0	0	0.00	
	Sub-Total (B)(1)	**1413590**	**5550**	**1419140**	**8.16**	**3862113**	**567**	**3862680**	**18.93**	**10.77**
2	**Non-institutions**									
(a)	Bodies Corporate									
	i. Indian	4417805	6076	4423881	25.44	4651379	5076	4656455	22.83	-2.61
	ii. Overseas									
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	881597	491210	1372807	7.90	905086	460143	1365229	6.69	-1.21
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	175557	0	175557	1.01	214120	0	214120	1.05	0.04
(c)	NRIs									
(c-i)	Foreign Corporate Body									
(c-ii)	Hindu Undivided Families	27325	0	27325	0.16	0	0	0	0.00	-0.16
(c-iii)	Clearing Members	323	0	323	0.00	11982	0	11982	0.06	0.06
(c-iv)	NBFCs Registered with RBI	0	0	0	0.00	648	0	648	0.00	
(c-v)	NRIs	69623	0	69623	0.40	80983	0	80983	0.39	-0.01
	Sub-Total (B)(2)	**5572230**	**497286**	**6069516**	**34.91**	**5864198**	**465219**	**6329417**	**31.03**	**-3.89**
(B)	**Total Public Shareholding (B) = (B)(1) + (B)(2)**	**6985820**	**502836**	**7488656**	**43.07**	**9726311**	**465786**	**10192097**	**49.96**	**6.88**
	TOTAL (A) + (B)	**16885478**	**502836**	**17388014**	**100.00**	**19934214**	**465786**	**20400000**	**100.00**	
(C)	Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
	GRAND TOTAL (A) + (B) + (C)	**16885478**	**502836**	**17388014**	**100.00**	**19934214**	**465786**	**20400000**	**100.00**	

(ii) **Shareholding of promoters**

Sl. No.	Shadeholder's name	Shareholding at the beginning of the year (01-04-2016)			Shareholding at the end of the year (31-03-2017)			% 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	S VEERA REDDY	1643795	9.45	Nil	1643795	8.06	Nil	-1.39
2	S ARUNA	1369545	7.88	Nil	1369545	6.71	Nil	-1.17
3	S RACHANA	1164280	6.70	Nil	1164280	5.71	Nil	-0.99
4	S ANAND REDDY	1149527	6.61	Nil	1304776	6.40	Nil	-0.21
5	SREEKANTH REDDY SAMMIDI	1085757	6.24	Nil	1238753	6.07	Nil	-0.17
6	S VANAJATHA	990769	5.70	Nil	990769	4.86	Nil	-0.84
7	W MALATHI	755400	4.34	Nil	755400	3.70	Nil	-0.64
8	N MADHAVI	533800	3.07	Nil	533800	2.62	Nil	-0.45
9	P V NARSIMHA REDDY	2000	0.01	Nil	2000	0.01	Nil	0.00
10	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION LTD	313285	1.80	Nil	313285	1.54	Nil	-0.26
11	PANCHAVATI POLYFIBRES LTD	31500	0.18	Nil	31500	0.15	Nil	-0.03
12	SAGAR PRIYA HOUSING & INDUSTRIAL ENTERPRISES LTD	860000	4.95	Nil	860000	4.22	Nil	-0.73
	TOTAL	**9899658**	**56.93**	**Nil**	**10207903**	**50.05**	**Nil**	**-6.88**

(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	9899658	56.93	9899658	56.93
	Acquired during the year	0	0		
	Acquired *	308245	1.51	10207903	50.04
	Sold *	0	0		
	At the end of the year	10207903	50.04	10207903	50.04

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

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

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2016 *		Shareholding during the year 31-03-2017 **	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	AVH RESOURCES INDIA PRIVATE LTD.	3277711	18.55	3583704	17.57
2	HDFC TRUSTEE COMPANY LTD. - HDFC PRUDENCE FUND	0	0.00	920000	4.51
3	SBI MAGNUM COMMA FUND/ SBI INFRASTRUCTURE FUND	1013577	5.83	918729	4.50
4	TWINVEST FINANCIAL SERVICES LTD.	813327	4.68	813327	3.99
5	ICICI PRUDENTIAL FUND	0	0.00	560000	2.75
6	KOTAK MAHINDRA (INTERNATIONAL) LTD.	375000	2.16	375000	1.84
7	ICG Q LIMITED	0	0.00	330000	1.62
8	IDFC CLASSIC EQUITY FUND	0	0.00	305235	1.50
9	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	0	0.00	300741	1.47
10	VANAJA SUNDAR IYER	0	0.00	160000	0.78

* In the list of top 10 as on 1-4-2016;
** In the list of top 10 as on 31-03-2017
Note: Shares of the Company are traded on a daily basis and hence 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 01-04-2016		Shareholding at the end of the year 31-03-2017	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Directors						
1	Shri O.Swaminatha Reddy	1/4/2016	At the beginning of the year	Nil	Nil		
		31/03/2017	At the end of the year			Nil	Nil
2	Shri S.Veera Reddy	1/4/2016	At the beginning of the year	1643795	9.45		
		31/03/2017	At the end of the year			1643795	8.06
3	S Rachana	1/4/2016	At the beginning of the year	1164280	6.70		
		31/03/2017	At the end of the year			1164280	5.71
4	S Anand Reddy	1/4/2016	At the beginning of the year	1149527	6.61		
		31/03/2017	At the end of the year			1304776	6.40
5	Sreekanth Reddy Sammidi	1/4/2016	At the beginning of the year	1085757	6.24		
		31/03/2017	At the end of the year			1238753	6.07
6	Shri K.Thanu Pillai	1/4/2016	At the beginning of the year	Nil	Nil		
		31/03/2017	At the end of the year			Nil	Nil

7	Shri V.H.Ramakrishnan	1/4/2016	At the beginning of the year	Nil	Nil		
		31/03/2017	At the end of the year			Nil	Nil
8	Shri John-Eric Fernand	1/4/2016	At the beginning of the year	Nil	Nil		
	Pascal Cesar Bertrand	31/03/2017	At the end of the year			Nil	Nil
9	Shri K. Rajendra Prasad	1/4/2016	At the beginning of the year	Nil	Nil		
		31/03/2017	At the end of the year			Nil	Nil
	Key Managerial Personnel						
1	Shri R.Soundararajan,	1/4/2016	At the beginning of the year	10	0		
	Company Secretary	31/03/2017	At the end of the year			10	0
2	Shri K. Prasad,	1/4/2016	At the beginning of the year	Nil	Nil		
	Chief Financial Officer	31/03/2017	At the end of the year			Nil	Nil

V. INDEBTEDNESS

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

			Secured Loans excluding deposits[1]	Unsecured Loans	Deposits[2]	Total Indebtedness
1	Indebtedness at the beginning of the year					
	i	Principal Amount	19,510.35	-	3,815.73	23,326.08
	ii	Interest due but not paid	-	-	-	-
	iii	Interest accrued but not due	95.51	-	-	95.51
		Total (i+ii+iii)	**19,605.86**	**-**	**3,815.73**	**23,421.59**
		Change in the indebtedness during the financial year				
		Addition	10,205.00	-	1,733.99	11,938.99
		Reduction	4,919.00	-	1,570.72	6,489.72
		Net Change	5,286.00	-	163.27	5,449.27
		Indebtedness at the end of the year				
	i	Principal Amount	23,276.00	-	3,978.59	27,254.59
	ii	Interest due but not paid	-	-	-	-
	iii	Interest accrued but not due	63.00	-	-	63.00
		Total (i+ii+iii)	**23,339.00**	**-**	**3,978.59**	**27,317.59**

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

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

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri S.Veera Reddy (M.D)	Dr.S.Anand Reddy (J.M.D)	Shri S.Sreekanth Reddy (E.D)	
1	**Gross Salary** (a) Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	1,26,14,516	1,26,16,667	95,08,333	3,47,39,516
	(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 (arrears relating to previous year)				
5	Total (A)	1,26,14,516	1,26,16,667	95,08,333	3,47,39,516
	Ceiling as per the Act (As minimum remuneration)	1,26,14,516	1,26,16,667	95,08,333	3,47,39,516

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	4,80,000	5,00,000	4,00,000	13,80,000
	- Commission				
	- Others, please specify				
	Total (1)	**4,80,000**	**5,00,000**	**4,00,000**	**13,80,000**
2	**Other Non-Executive Directors**	APIDC	Shri John Eric Fernanad Pascal Cesar Bertrand	Smt.S.Rachana	Total Amount
	- Fee for attending board/committee meetings	2,20,000	40,000	1,40,000	4,00,000
	- Commission				
	- Others, please specify				
	Total (2)	**2,20,000**	**40,000**	**1,40,000**	**4,00,000**
	Total (B) = (1+2)				**17,80,000**
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

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	25,11,768	30,80,592	55,92,360
	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	**25,11,768**	**30,80,592**	**55,92,360**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

Annexure - 6

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

Name of the Employee	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy
Designation	Managing Director	Joint Managing Director	Executive Director
Age	81 years	53 years	46 years
Remuneration received (₹)	1,26,14,516	1,26,16,667	95,08,333
Commission received (₹)	-	-	-
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)	55	23	20
Date of Commencement of Employment	13.07.1991	21.11.1992	26.6.2003
Last Employment held	Nil	Nil	Nil

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

Annexure 7

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

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

Conservation of Energy and Technology Absorption

SCL attaches utmost importance to conservation of energy by adopting innovative measures through usage of ecofriendly and cheaper fuels, reducing wastage and optimizing consumption of energy. Some of the specific measures undertaken by it in the said direction are listed below.

1. Kiln Bag House filter bags have been replaced with Membrane bags to reduce emission levels from 50 mgm/nm3 to 30 mgm/nm3. Cooling ESP Single Phase transformers have been replaced with Three Phase Transformers to achieve emission levels to 3 mgm/nm3.
2. Company has since commissioned a Waste Heat Recovery Power Plant of 6 MW.

Optimization of Plant Capacity

Company has taken up Plant optimization program in the financial year to enhance the production capacity and reduce the Power and Fuel Consumption, which envisages the following:

The following are the major developments:

1. Optimization of Clinker Production
2. Implementation of 1.2 MTPA Capacity Grinding Unit at Bayyavaram Village, Anakapalle, Visakhapatnam.
3. Installation of 6 MW WHR Power Plant.
4. Installation of 1.25 MW Solar Power Plant
5. Installation of 18 MW Coal Based Power Plant

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, 2017	For the year ended 31st March, 2016
1	Outgo	**5.78**	4.46

Corporate Governance Report for the year 2016-17

1. Company's philosophy on code of governance:

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

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

2. Board of Directors:

Composition:

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

i. As on March 31, 2017, the Company had nine Directors. Of the said nine Directors, six are Non-Executive Directors, which include three Independent Directors.

Following was the composition of directors as on March 31, 2017.

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

ii. None of the Directors on the Board holds directorships in more than ten public companies. Further, as on 31st March, 2017, 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 was a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2017 have been made by the Directors. Following directors are related inter-se:

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

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

iv. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2017 are given hereunder. Other directorships do not include their other directorships if any in private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships/ Memberships of Audit Committee and Stakeholders' Relationship Committee are alone considered for the purpose.

Name of the Director	Category	Number of board meetings during the year 2016-17		Whether attended last AGM held on 28.9.2016	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	Independent and Non-Executive, Chairman	9	9	Yes	2	5	4	2
Shri S.Veera Reddy	Managing Director, Promoter	9	5	Yes	-	5	1	-
Dr.S.Anand Reddy	Joint Managing Director, Promoter	9	8	Yes	-	4	-	-
Shri S.Sreekanth Reddy	Executive Director, Promoter	9	9	Yes	1	3	-	-
Mrs. S.Rachana	Non-Executive, Promoter	9	7	Yes	-	1	-	-
Shri K.Thanu Pillai	Independent and Non-Executive, Director	9	9	Yes	-	6	-	1
Shri V.H. Ramakrishnan	Independent and Non-Executive, Director	9	9	Yes	-	2	-	3
Shri K.Rajendra Prasad	Nominee Director of APIDC, (Equity Investor)	9	5	Yes	-	4	-	-
Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive	9	4	Yes	-	-	-	-

v. Board met nine times during the year and the gap between their two consecutive meetings did not exceed one hundred and twenty days. The dates of the above meetings were:

26.05.2016, 29.06.2016, 27.07.2016, 28.09.2016, 19.10.2016, 26.10.2016, 28.11.2016, 25.01.2017 and 24.03.2017.

vi. Information applicable and falling under Part A of the Schedule II of SEBI Listing Regulations, were placed before the Board for its consideration.

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

viii. During the year, the Independent Directors held their separate meeting on 24.03.2017.

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. Details of equity shares of the Company held by the Directors as on March 31, 2017 are given below:

Name	Category	Number of equity shares
Shri S.Veera Reddy	Managing Director – Promoter	16,43,795
Dr.S.Anand Reddy	Joint Managing Director - Promoter	13,04,776
Shri S.Sreekanth Reddy	Executive Director - Promoter	12,38,753
Mrs.S.Rachana	Non-Executive, Promoter	11,64,280

The Company has not issued any convertible instruments. None of the Non-Executive Directors other than the one mentioned above was holding any shares in the company as on March 31st 2017.

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 Director's Responsibility Statement for inclusion in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
  - Changes, if any, in the accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions
  - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modifications of transactions with related parties;
- Scrutiny of inter-corporate loans and investments;
- Examination of the financial statement and the auditors' report thereon;
- Evaluation of internal financial controls;
- Establishment of vigil mechanism for directors and employees to report genuine concerns.
- Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussions on any related issues with the internal and statutory auditors and the management of the Company;
- Review of the information required as per SEBI Listing Regulations.

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

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

v. The previous Annual General Meeting ("AGM") of the Company was held on September 28, 2016 and the Chairman of the audit committee was present at the said meeting.

vi. The composition of the Audit Committee as on 31st March, 2017 and the details of attendance at its meetings during the year 2016-17 are given below:

Name	Category	Number of meetings during the financial year 2016-17	
		Held	Attended
Shri O.Swaminatha Reddy Chairman	Independent and Non-Executive Director	7	7
Shri K.Thanu Pillai	Independent and Non-Executive Director	7	7
Shri V.H.Ramakrishnan	Independent and Non-Executive Director	7	7
Shri K.Rajendra Prasad	Non-Executive-Nominee Director of APIDC	7	5

vii. Audit committee met 7 times during the year 2016-17 and the dates of such meeting are:

26.05.2016, 29.06.2016, 27.07.2016, 28.09.2016, 26.10.2016, 25.01.2017 and 24.03.2017

4. Nomination and Remuneration Committee:

i. The nomination and remuneration committee of the Board has been constituted in line with the Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

ii. The broad terms of reference of the nomination and remuneration committee are as under:

- To recommend to the Board, the setup and composition of the Board and its committees. The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- To recommend to the Board the appointment or reappointment of directors.
- To recommend to the Board appointment of Key Managerial Personnel ("KMP" as defined by the Act) and Senior Management members of the Company (as defined by this Committee).
- To carry out evaluation of performance of each Director and assist the Board and Independent Directors in the evaluation of the performance of the Board, its committees and individual directors in accordance with the regulatory guidelines. Additionally the Committee also oversees the performance review process of the KMP and Members of the Senior Management.
- To recommend to the Board the Remuneration Policy for directors, executives and Key Managerial Personnel and other employees.
- To recommend to the Board on an annual basis, the remuneration payable to the Whole-time Directors and Employees.
- To provide guidelines for payment of remuneration of directors in material subsidiaries.
- To perform such other duties and to take up responsibilities as may be consistent with the objective of committee.

Nomination and Remuneration policy:

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

While details of such a policy are available on the company's web site, a gist of the same is given below:

General Appointment Criteria:

i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

ii. The Committee ensures that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force.

iii. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, Rules made hereunder, Listing Regulations or any other applicable enactment for the time being in force.

Additional Criteria for Appointment of Independent Directors:

The Committee shall consider qualifications for Independent Directors as mentioned under the head 'Definitions' of the Policy and also their appointment shall be governed as per the provisions of Regulation 19 of the SEBI Regulations (as amended from time to time) and Companies Act, 2013.

Policy on Board diversity:

The Board of Directors shall have an optimum combination of Directors from the different areas / fields, as may be considered appropriate and relevant to the operations of the Company.

The Board shall have at atleast one member who has accounting or related financial management expertise and atleast three members who are financially literate.

Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for its approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration may also involve a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

1. Executive/Whole-time Directors/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission etc to be paid to Executive Director/ Managing Director etc shall be governed as per the provisions of the Companies Act, 2013 and rules made thereunder or any other applicable enactment for the time being in force.

2. Non executive Directors

The Non-Executive Directors may receive remuneration by way of sitting fees for attending meetings of Board and Committees thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and the rules made thereunder or any other applicable enactment for the time being in force.

3. KMPs / Senior Management Personnel

The Remuneration to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the personnel concerned, subject to limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other applicable enactment for the time being in force.

iii. The composition of the Nomination and Remuneration Committee as on 31st March, 2017 are given below:

Name	Category
Shri K.Thanu Pillai, Chairman	Independent and Non-Executive
Shri O.Swaminatha Reddy	Independent and Non-Executive
Shri K.Rajendra Prasad	Non-Executive-Nominee Director of APIDC
Smt S.Rachana	Non-Executive – Promoter Group and Non-Independent

The Committee met only one time i.e., on 26.05.2016 during the year and all the members of the Committee were present at the meeting.

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, a gist of which is as under:

Performance Evaluation of Executive Directors

The Executive Directors shall be evaluated on the basis of assignments/ targets / criteria, if any, given to them by the board from time to time.

Performance Evaluation of Non-Executive Directors

1. How well prepared and well informed the non-executive directors are for board meetings.
2. Frequency of the attendance at the board meetings by the directors.
3. Willingness to spend time and effort for learning about the company and its business.
4. Quality and value of contribution at board meetings.
5. Interaction with other board members and senior management.
6. Can they present their views convincingly, yet diplomatically?
7. Whether they listen to the views of other directors.

Performance Evaluation of Independent Directors

1. Ability to contribute to and monitor corporate governance practices
2. Active participation in long-term strategic planning
3. Commitment to the fulfillment of a director's obligation and fiduciary responsibilities.

Evaluation of Board and its Process

1. The frequency of meetings
2. The length of meetings
3. The administration of meetings
4. The number of committee and their roles
5. The information furnished to board members
6. The quality and quantity of information
7. The performance of individual directors:
   - Personal relationship
   - The collective performance of the board / committee as a team
   - The individual performance and contribution

Performance Evaluation of Chairman

1. Leadership skill
2. Leadership and communication with board
3. Are board members allowed to raise views and concerns

5. Remuneration of Directors

Remuneration to Non-Executive Directors:

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

Sitting fees payable to the nominee directors are paid directly to the institutions they represent. Details of sitting fees paid to the non-executive directors during the year 2016-17 are given below:

Sl.No.	Name of the Director	Sitting Fee (₹ in Lakhs)
1	Shri O.Swaminatha Reddy	4.80
2	Shri K.Thanu Pillai	5.00
3	Shri V.H.Ramakrishnan	4.00
4	Shri K.Rajendra Prasad (APIDC Nominee)	2.20
5	Shri John-Eric Fernand Pascal Cesar Bertrand	0.40
6	Smt.S.Rachana	1.40
	Total	**17.80**

Remuneration to the Managing Director and Whole time Directors:

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

The whole-time directors were entitled to the following remuneration for the year 2016-17 (₹ in Lakhs)

Description	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy
Salary	72.08	72.10	54.33
Perks (up to 75% of the salary)	54.06	54.07	40.75
Total	**126.14**	**126.17**	**95.08**
Commission	Nil	Nil	Nil
Total	**126.14**	**126.17**	**95.08**

In addition to the above, the Managing/Whole-time directors were 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 his tenure.

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

6. Stakeholders' Relationship Committee

i. The stakeholders' relationship committee 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, etc. and all other securities-holders related matters.

- Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.

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

The Stakeholders Relationship Committee of the Board constituted in accordance with Regulation 20 of the SEBI Listing Regulations, had the following directors as its members as on March 31st, 2017:

Name	Category
Shri K.Rajendra Prasad, Chairman	Non-Executive-Nominee Director of APIDC
Dr.S.Anand Reddy	Executive - Promoter Group and Non-Independent

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 65 complaints from the investors during the year 2016-17 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 31st March, 2017. 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 convening a meeting of the Committee was not felt during the year 2016-17.

iv. Name, designation and address of Compliance Officer:

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

Other Committees

Investment Committee

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

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

Meetings held:

The Investment Committee met 3 times during the year and the dates of such meetings are:

29.06.2016, 19.10.2016 and 24.03.2017.

Securities Allotment Committee

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

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

The above said committee met on the following dates in connection with the allotment of shares issued by the company through preferential allotment and QIP:

07.12.2016, 07.02.2017, 11.02.2017 and 14.02.2017.

Corporate Social Responsibility Committee

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

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

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

During the year, one meeting of the CSR Committee was held on 25.01.2017.

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

Name	Category	Number of meetings during the financial year 2016-17	
		Held	Attended
Shri K.Thanu Pillai	Independent, Non-Executive	1	1
Dr.S.Anand Reddy	Executive, Promoter Group and Non-independent	1	1
Shri S.Sreekanth Reddy	Executive, Promoter Group and Non-independent	1	1

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
35th AGM	28th September, 2016	4.00. p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
34th AGM	23rd September, 2015	4.00. p.m.	
33rd AGM	24th September, 2014	4.00. p.m.	

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

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

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

No Special Resolutions were passed at the 33rd Annual General Meeting.

Apart from the above, the company held one EGM on 23rd November 2016 where three special resolutions i.e., one for re-classification of Authorised Share Capital, one for issue and allotment of 6,11,986 equity shares of ₹ 10/- each through preferential allotment and one for raising funds up to 250 crores through, inter-alia, QIP were passed.

Details of Special Resolutions passed through Postal Ballot: Nil

Other than the above said resolutions, the company did not pass any resolution exclusively through Postal Ballot in the year 2016-17. However, in order to enable its Members, who did not have the access to e-voting facility to send their assent or dissent in writing in respect of resolutions as set out in the Notice, the company forwarded Ballot Form along with the Notice of all the general meetings referred to above.

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

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

8. Means of communication

Quarterly results:

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

Newspapers in which the results were published:

Details of newspapers in which quarterly results relating to the Financial Year 2016-17 were published are given below:

Quarter ended	Date of Publication	Name of the newspapers carrying the publication
30th June, 2016	28.07.2016	Financial Express and Andhra Praha
30th September, 2016	28.10.2016	"
31st December, 2016	26.01.2017	"
31st March, 2017	31.05.2017	"

Website where displayed:

The Financial Results and Shareholding pattern of the Company are 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 the occasions when the Company had to respond in a general way to the queries now and then received from investors / analysts regarding the affairs of the company, there were no specific presentations made to any of them during the year 2016-17. 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 put upon the company's web site.

Management Discussion and Analysis Report

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

Subsidiary companies

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

9. **General Shareholder information:**

a. **Annual General Meeting:**

Date & Time : **4.00 p.m. on Wednesday, the 22nd September, 2017**

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

b. **Financial Year** : 1st April to 31st March

c. **Book Closure Dates** : From 16.09.2017 to 22.09.2017 (both days inclusive)

d. **Dividend payment date :**

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

e. **Dividend Policy**

Recommendations for payment of Dividend are made by the Board, taking into account inter-alia, company's performance during the year under review, its future expansion plans, funds requirements, liquidity position and regulatory requirements. Based on such recommendations of the Board of Directors, dividends are declared at Annual General Meetings.

f. **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.

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

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

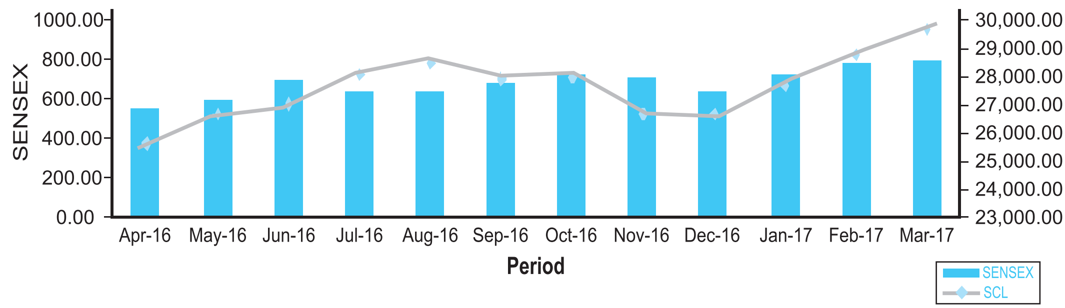
Name of the Stock Exchange	Scrip Code
National Stock Exchange of India Limited, "Exchange Plaza", 5th Floor, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051	SAGCEM
BSE Limited, P J Towers, Dalal Street, Mumbai – 400 001	502090
ISIN	INE229C01013

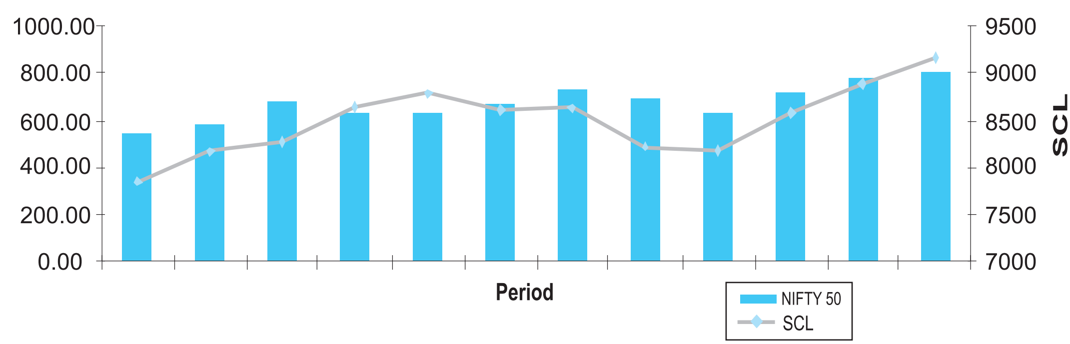
h. **Market price details:**

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:

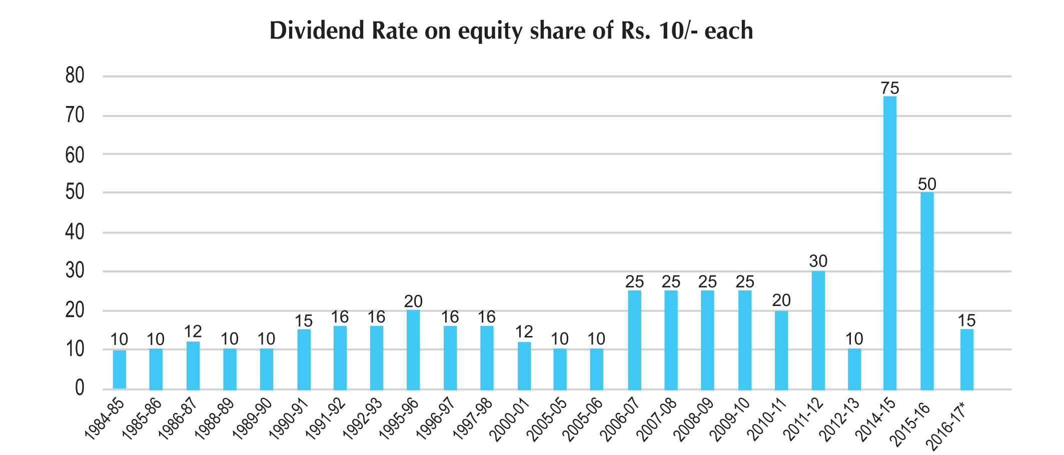
Month	BSE			NSE		
	High	Low	Close	High	Low	Close
April 2016	615.00	384.10	544.00	614.50	387.00	543.55
May 2016	706.50	527.00	582.20	710.00	526.00	583.00
June 2016	719.00	562.00	683.75	719.00	511.50	681.25
July 2016	709.95	575.00	628.70	709.90	586.00	627.85
August 2016	666.00	572.50	632.90	665.00	584.00	638.60
September 2016	705.00	595.00	668.80	704.00	590.15	673.55
October 2016	835.00	668.30	720.00	848.50	673.55	728.25
November 2016	741.45	573.50	695.55	739.00	585.50	693.40
December 2016	715.60	605.05	620.70	714.00	610.00	631.75
January 2017	728.80	624.30	716.00	730.00	623.30	715.60
February 2017	791.00	708.10	776.15	795.00	708.85	773.50
March 2017	817.60	722.25	795.05	815.00	721.00	795.45

Sagar Cements 'Shares' Price movements during the year 2016-17 as compared with SENSEX and NIFTY are depicted below:





Dividend History



* Subject to approval of the shareholders at the ensuing AGM

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

a	Aggregate number of shareholders and the outstanding shares unclaimed at the beginning of the year	27 shareholders in aggregate holding 6215 shares
b	Number of shareholders who approached listed entity for transfer of shares	Nil
c	Number of shareholders to whom shares were transferred	Nil
d	Aggregate number of shareholders and the outstanding shares at the end of the year	27 shareholders in aggregate holding 6215 shares

The voting rights on the shares outstanding as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares concerned.

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

The un-claimed dividends for the financial year ended 31st March 1996 onwards and up to the financial year ended 31st March 2009 (Final dividend) were duly transferred to the Investors Education and Protection Fund set up by the Government of India in accordance with the Companies Act as applicable at the time of such transfer. Details of the unclaimed dividends are available on the company's website, www.sagarcements.in.

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

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

l. **Share Transfer System:**

More than 97% of the shares of the Company are held in electronic form. Transfer of these shares is affected through the depositories with no involvement of the Company.

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

All proposals for transfer of shares held in physical form are scrutinized by the Company's Share Transfer Agents and, subject to the same being found to be in order, are approved jointly by the Joint Managing Director and the Company Secretary, who, for administrative convenience and speedy approvals, have been delegated with the necessary authority for the purpose by the Board of Directors, who take on record these transfers at their subsequent meetings.

m. **Shareholdings particulars as on March 31, 2017**

(i) Distribution of shareholdings:

Shareholding range	Shares	%	Holders	%
50 and less	66,342	0.33	3,175	34.10
51 to 100	4,22,354	2.07	4,336	46.57
101 to 200	1,29,477	0.63	743	7.98
201 to 300	66,661	0.33	257	2.76
301 to 500	1,38,333	0.68	317	3.40
501 to 1000	1,75,582	0.86	249	2.67
1001 to 5000	3,23,127	1.58	161	1.73
5001 to 10000	1,37,815	0.68	22	0.24
10001 to 20000	58,203	0.29	4	0.04
20001 to 50000	2,16,583	1.06	8	0.09
50001 to 100000	1,15,905	0.57	3	0.03
More than 100000	1,85,49,618	90.93	36	0.39
Total	2,04,00,000	100.00	9,311	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	16	1,02,07,903	50.04	1,02,07,903	100.00
Domestic Companies	200	46,56,455	22.83	46,51,379	100.00
Mutual Funds	21	27,77,863	13.62	27,76,263	100.00
Public - Individuals	8,791	15,56,098	7.63	10,95,955	70.00
Foreign Portfolio Investors	6	7,79,559	3.82	7,79,559	100.00
Insurance Companies	1	3,00,741	1.47	3,00,741	100.00
Non Resident Indians	145	80,983	0.40	80,983	100.00
Hindu Undivided Families	80	23,251	0.11	23,251	100.00
Clearing Members	42	11,982	0.06	11,982	100.00
Indian Financial Institutions	4	3,990	0.02	140	4.00
Non-Banking Financial Companies	2	648	0.00	648	100.00
Banks	3	527	0.00	427	81.00
Total	**9,311**	**2,04,00,000**	**100.00**	**1,99,29,231**	**97.69**

n. Dematerialization of Shares and liquidity:

Trading in the shares of the Company has to be in the electronic form only. The Company has subsisting agreements with both NSDL and CDSL for the purpose. The ISIN number for the company's shares is – INE229C01013. Shares representing more than 97% of the share capital were kept in dematerialized form as on 31st March, 2017 as detailed below:

In physical form		In Demat Form				Total	
		With NSDL		With CDSL			
Shares	%	Shares	%	Shares	%	Shares	%
470769	2.31	1,94,96,208	95.57	4,33,023	2.12	2,04,00,000	100

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

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

p. Plants Location:

1. Mattampally
   Via: Huzurnagar
   Nalgonda District
   Telangana – 508204
   Tel: 08683 - 247039

2. Pedaveedu Village
   Via: Huzurnagar
   Nalgonda District
   Telangana – 508204
   Tel: 08683 – 216533 / 247333

3. Bayyavaram Village
   Kasimkota Mandal
   Visakhapatnam District
   Andhra Pradesh – 531031
   Tel: 08924 – 244098 / 244550

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

ii. Statutory compliance, Penalties and Strictures:

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

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

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

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

(a) The Company has implemented all the mandatory requirements under SEBI Listing Regulations, as currently in force.

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

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

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

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

A practicing Company Secretary carries 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. The audit report confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialized shares held in demat form with NSDL and CDSL.

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

(g) Code of Conduct

The members of the board and senior management personnel have affirmed their compliance with the Code applicable to them during the year ended March 31, 2017. The annual report of the Company contains a certificate by the CEO and Managing Director on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management.

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

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

(a) The Company has separate Chairman and Managing Director.

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

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

DECLARATION REGARDING 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, 2017, 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, 2017.

Hyderabad
29th May 2017

S.Veera Reddy
Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Sagar Cements Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated October 17, 2016.
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, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Listing Regulations during the year ended March 31, 2017.
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)

Secunderabad, May 29, 2017

Independent Auditors' Report

To the Members of Sagar Cements Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of SAGAR CEMENTS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

      iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Secunderabad, May 29, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of SAGAR CEMENTS LIMITED ("the Company") as at March 31, 2017 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Secunderabad, May 29, 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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) Except for certain delays in payment of excise duty, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 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	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2011-13	214	168
		Commissioner of Appeals	2015-16	834	11
		High Court of Telangana and Andhra Pradesh	2006-2010	1,302	1,302
Sales Tax and VAT Laws	Sales tax and VAT	Sales Tax Appellate Tribunal	1999-2000 2009-10	129	98
		High Court of Telangana and Andhra Pradesh	2010-11	7	7
Customs Act, 1962	Customs duty	CESTAT	2012-13	193	189
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2005-06 2007-10	112	112
		Commissioner of Income Tax (Appeals)	2008-09 2011-12	1,088	924
Finance Act, 1994	Service Tax	CESTAT	2014-15	13	12

(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, except as under:

Particulars	Amount of default of repayment (₹ in lakhs)		Period of default (in days)
	Instalment	Interest	
State Bank of India	616	50	1-8 days

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 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.

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

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

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

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

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

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Secunderabad, May 29, 2017

SAGAR CEMENTS LIMITED

Balance Sheet as at March 31 2017

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
a) Property, plant and equipment	3	**49,451**	44,185	33,499
(b) Capital work-in-progress		**5,165**	1,298	11,219
(c) Intangible assets	4	**16**	15	19
(d) Financial assets				
(i) Investments				
(a) Investment in subsidiaries	5	**25,759**	8,219	-
(b) Other investments	5	**28**	27	15
(ii) Loans	6	**-**	17,200	-
(iii) Other financial assets	7	**1,589**	4,065	3,947
(e) Advance income tax (Net)	27	**100**	209	208
(f) Other non-current assets	8	**2,366**	1,004	842
Total Non-current assets (1)		**84,474**	**76,222**	**49,749**
Current assets				
(a) Inventories	9	**7,296**	6,570	6,231
(b) Financial assets				
(i) Trade receivables	10	**4,634**	4,601	5,806
(ii) Cash and cash equivalents	11a	**16,116**	17	21,669
(iii) Other bank balances	11b	**869**	350	259
(iv) Loans	6	**-**	4,982	-
(v) Other financial assets	7	**4,068**	2,612	8,109
(c) Other current assets	8	**4,237**	2,435	5,624
Total Current assets (2)		**37,220**	**21,567**	**47,698**
Total Assets (1 + 2)		**121,694**	**97,789**	**97,447**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12	**2,040**	1,739	1,739
(b) Other equity	13	**76,407**	53,658	50,992
Total Equity (1)		**78,447**	**55,397**	**52,731**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	14	**14,829**	10,565	12,113
(ii) Other financial liabilities	15	**4,280**	4,213	3,370
(b) Provisions	16	**199**	2,543	2,609
(c) Deferred tax liabilities (Net)	27	**3,003**	2,289	2,302
(d) Other non-current liabilities	18	**178**	179	179
Total Non-current liabilities (2)		**22,489**	**19,789**	**20,573**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	14	5,800	6,913	8,803
(ii) Trade payables	17	8,420	9,085	7,496
(iii) Other financial liabilities	15	2,940	2,400	4,397
(b) Provisions	16	156	139	92
(c) Current tax liabilities (Net)	27	62	479	986
(d) Other current liabilities	18	3,380	3,587	2,369
Total Current liabilities (3)		**20,758**	**22,603**	**24,143**
Total Equity and Liabilities (1 + 2 + 3)		**121,694**	**97,789**	**97,447**
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 : Secunderabad, Date : May 29, 2017

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad, Date: May 29, 2017

SAGAR CEMENTS LIMITED

Statement of Profit and Loss for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	Note	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from operations	19	**62,000**	70,811
II	Other income	20	**2,312**	2,828
III	**Total Income (I + II)**		**64,312**	**73,639**
IV	**Expenses**			
	(a) Cost of materials consumed	21	**7,214**	6,638
	(b) Purchase of stock-in-trade		**-**	6,484
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	**297**	177
	(d) Excise duty		**8,424**	8,635
	(e) Employee benefit expenses	23	**3,635**	3,820
	(f) Finance costs	24	**3,045**	2,915
	(g) Depreciation and amortization expense	25	**2,800**	2,346
	(h) Other expenses	26	**36,493**	35,517
	Total Expenses		**61,908**	66,532
V	**Profit before tax (III - IV)**		**2,404**	**7,107**
VI	**Tax Expense**			
	(a) Current tax	27	**469**	1,835
	(b) Deferred tax	27	**686**	354
	Total Tax Expense		**1,155**	2,189
VII	**Profit after tax (V - VI)**		**1,249**	**4,918**
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		**(8)**	63
	(b) Equity instruments through other comprehensive income		**1**	12
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**3**	(22)
			(4)	53
IX	**Total Comprehensive Income for the year (VII + VIII)**		**1,245**	**4,971**
X	**Earnings Per Share (₹)**			
	i) Basic	36	**6.98**	28.28
	ii) Diluted	36	**6.98**	28.28
	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 : Secunderabad
Date : May 29, 2017

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 29, 2017

SAGAR CEMENTS LIMITED

Statement of changes in equity for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance as at April 1, 2015	1,739
Changes in equity share capital during the year	-
Balance as at March 31, 2016	**1,739**
Changes in equity share capital during the year (Refer Note 12)	301
Balance as at March 31, 2017	**2,040**

B. Other equity

Particulars	Reserves and surplus				Items of other comprehensive income		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 the April 1, 2015	**35**	**10,503**	**3,598**	**36,856**			**50,992**
Profit for the year	-	-	-	4,918	-	-	4,918
Payment of dividend (including tax on dividend)	-	-	-	(1,570)	-	-	(1,570)
Additional depreciation on account of componentization of property, plant and equipment (net of tax ₹ 389) (Refer Note 38)	-	-	-	(735)	-		(735)
Other comprehensive income for the year (net of tax ₹ 22)	-	-	-	-	12	41	53
Balance as at March 31, 2016	**35**	**10,503**	**3,598**	**39,469**	**12**	**41**	**53,658**
Profit for the year	-	-	-	1,249	-	-	1,249
Issue of equity shares	-	21,875	-	-	-	-	21,875
Share issue expenses (net of tax ₹ 197)	-	(371)	-	-	-	-	(371)
Other comprehensive income for the year (net of tax ₹ 8)	-	-	-	-	1	(5)	(4)
Balance as at March 31, 2017	**35**	**32,007**	**3,598**	**40,718**	**13**	**36**	**76,407**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : May 29, 2017

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 29, 2017

SAGAR CEMENTS LIMITED

Statement of cash flows for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
A.	**Cash flows from operating activities**				
	Profit after tax for the year		**1,249**		4,918
	Adjustments for				
	Tax expense	**1,155**		2,189	
	Depreciation and amortization expense	**2,800**		2,346	
	Finance costs	**3,045**		2,915	
	Dividend income (₹ 26,000 for the year ended March 31, 2017 and March 31, 2016)	**-**		-	
	Interest income	**(2,220)**		(2,828)	
	Expected credit loss allowance	**33**		36	
	(Gain) / loss on sale of property, plant and equipments (net)	**(41)**		17	
	Impairment of property, plant and equipment	**88**	**4,860**	-	**4,675**
	Operating profit before working capital changes		**6,109**		**9,593**
	Changes in working capital:				
	Adjustments for (increase) / decrease in operating assets:				
	Trade receivables	**(66)**		1,169	
	Inventories	**(726)**		(339)	
	Other financial assets	**2,346**		211	
	Other assets	**(302)**	**1,252**	1,649	2,690
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**(665)**		1,589	
	Other financial liabilities	**(25)**		446	
	Provisions	**(2,336)**		44	
	Other liabilities	**(207)**	**(3,233)**	1,218	3,297
	Cash generated from operating activities		**4,128**		15,580
	Less: Income tax paid		**(549)**		(2,343)
	Net Cash generated from operating activities		**3,579**		**13,237**
B	**Cash Flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances (net)	**(13,417)**		(4,390)	
	Purchase of non-current investments - investments in subsidiary	**-**		(5,318)	
	Non-current loans to subsidiary (net)	**-**		(15,643)	
	Movement in bank balances not considered as cash and cash equivalents (net)	**(232)**		(227)	
	Proceeds from disposal of property, plant and equipments	**75**		56	
	Interest received	**266**		625	
	Dividend received (₹ 26,000 for the year ended March 31, 2017 and March 31, 2016)	**-**		-	
	Net cash used in investing activities		**(13,308)**		**(24,897)**

C Cash flow from financing activities			
Proceeds from issue of shares including securities premium (net)	**22,176**		-
Expenses on issue of shares	**(568)**		-
Proceeds from non-current borrowings	**10,204**		11,481
Repayment of non-current borrowings	**(5,327)**		(14,605)
Advances given to related parties (net)	**(1,499)**		-
Proceeds from unsecured loans to related parties	**4,982**		-
Repayment of current borrowings (net)	**(1,113)**		(1,890)
Finance costs	**(3,027)**		(3,499)
Dividend payments including tax (net)	**-**		(1,479)
Net cash generated from/(used in) financing activities	**25,828**		(9,992)
Net increase in cash and cash equivalent (A+B+C)	**16,099**		**(21,652)**
Cash and cash equivalent at the beginning of the year	**17**		21,669
Cash and cash equivalent at the end of the year	**16,116**		**17**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : May 29, 2017

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 29, 2017

Notes forming part of the Financial Statements

1. a) Corporate Information

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

b) Significant accounting policies

(i) Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, provisions of the Act to the extent notified.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 2 for the details of first-time adoption exemptions availed by the Company and explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(ii) Basis of preparation and presentation

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

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

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

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

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

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

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

(iii) Use of estimates

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

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

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

(iv) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue includes excise duty.

Sale of goods

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

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

Dividend and interest income

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

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

(v) Borrowing costs

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

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

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

(vi) Government grants

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

(vii) Employee benefits

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

Defined Contribution Plans:

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

Defined Benefit Plans:

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

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

Short-term employee benefits

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

(viii) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

(ix) Property, plant and equipment

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

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

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

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

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

Railway siding - 25 years

Plant and machinery other than continuous process plant – 25 years

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

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

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

(x) Intangible assets acquired separately

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

(xi) Inventories

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

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. Excise duty is included in the value of finished goods

(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

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) Recent accounting pronouncements

Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017. However, Ind AS 102, 'Share-based payments' is not applicable to the company.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.

All amounts are in ₹ lakhs unless otherwise stated

2. Transition to Ind AS

A First-time adoption – mandatory exceptions, optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

Equity investments at FVTOCI

The Company has designated investment in equity shares of Panchavati Polyfibres Limited and PCL Financial Services Limited as at FVTOCI on the basis of facts and circumstances that existed at the transition date.

Government loans

The Company has used the previous GAAP carrying value of the government loans (deferred payment liabilities) at a below-market rate of interest at the date of transition to Ind AS as the carrying amount of the liability in the opening Ind AS balance sheet

B Reconciliation between previous GAAP and Ind AS

(i) Reconciliation of equity as previously reported and Ind AS

Particulars	Note	As at March 31, 2016	As at April 1, 2015
Equity (shareholders' funds) under previous GAAP		**55,328**	52,133
Proposed dividend and related distribution tax	1	-	523
Recognition of borrowings using effective interest rate	2	50	63
Effect of measuring investments at fair value through OCI	3	24	12
Fair valuation of corporate guarantee	4	4	-
Mines restoration expense	6	(9)	-
Equity under Ind AS GAAP		**55,397**	52,731

(ii) Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Note	As at March 31, 2016
Net profit for the year as per previous GAAP		**4,976**
Remeasurements of defined benefit obligation recognized in other comprehensive income under Ind AS	5	(63)
Recognition of borrowings using effective interest rate	2	(12)
Fair valuation of corporate guarantee	4	4
Mines restoration expense	6	(9)
Deferred tax impact on the above		22
Total effect of transition to Ind AS		**(58)**
Profit for the year as per Ind AS		**4,918**
Other comprehensive income for the year	3, 5	53
Total comprehensive income under Ind AS		**4,971**

(iii) There are no material adjustments to the statement of cash flows as reported under Previous GAAP.

Notes

1 Under Indian GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognized in the financial statements as a liability. Under Ind AS, such dividends along with the dividend distribution tax thereon are recognized as a liability when declared/ approved by the members in a general meeting. This has resulted in increase in equity as on April 1, 2015 by ₹ 523.

2 Under Indian GAAP, transaction costs incurred in connection with borrowings are charged upfront to the statement of profit and loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to the statement of profit and loss using the effective interest method. This has resulted in an increase in equity to ₹ 63 as on April 1, 2015; ₹ 50 as on March 31, 2016 and decrease in profit for the year ended March 31, 2016 by ₹ 12.

3 Under previous GAAP, non-current investments were measured at cost less dimunition in value which is other than temporary. Under Ind AS, these financial assets have been classified as FVTOCI. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in equity to ₹ 12 as at April 1, 2015; ₹ 24 as at March 31, 2016 and increase in total comprehensive income for the year ended March 31, 2016 by ₹ 12.

4 Under Ind AS, financial guarantee contracts are accounted as financial liabilities and measured at fair value at inception and subsequently measured at the higher of the amortized value or the obligation amount in case it is probable that the guarantee amount is payable. Under Indian GAAP, guarantee issued were not recognized in the Balance Sheet unless it is probable that the guarantee amount is payable. This has resulted in an increase in equity to ₹ 4 as at March 31, 2016; ₹ Nil as at April 1, 2015 and increase in profit by ₹ 4 during the year ended March 31, 2016.

5 Under previous GAAP, actuarial gains and losses were recognized in profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined liability/asset which is recognized in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of the statement of profit and loss. The actuarial loss for the year ended March 31, 2016 were ₹ 63 and the tax effect thereon is ₹ 22. This does not affect total equity or total comprehensive income, but there is a decrease in profit before tax of ₹ 63, and in total profit of ₹ 41 for the year ended March 31, 2016.

6 Under Ind AS, the cost of an item of property, plant and equipment includes the initial estimate of the costs of restoring the site. Accordingly, the cost has been estimated and liability is set up for restoring the mining land. The cost is depreciated over the period of usage of the land. This has resulted in decrease in equity and profit by ₹ 9 as at and for the year ended March 31, 2016.

7 Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gain and losses are required to be presented in other comprehensive income.

8 Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented separately on the face of the statement of profit and loss. The change does not affect total equity as at April 1, 2015 and March 31, 2016, profit before tax or total profit for the year ended March 31, 2016.

SAGAR CEMENTS LIMITED
Notes to the standalone financial statements for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
3.	**Property, plant and equipment**			
	Land - freehold	**5,728**	4,158	3,817
	Land restoration	**161**	170	179
	Buildings	**11,414**	9,334	7,039
	Plant & machinery	**22,898**	21,124	19,695
	Furniture and fittings	**186**	233	333
	Office and other equipment	**644**	702	842
	Electrical installations	**1,887**	1,938	1,337
	Computers	**42**	28	20
	Vehicles	**175**	199	237
	Railway siding	**6,316**	6,299	-
	Total	**49,451**	**44,185**	**33,499**

For the year 2016-17

Description of assets	Land-freehold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross block											
Opening balance	**4,158**	**179**	**13,101**	**35,494**	**688**	**3,516**	**4,938**	**194**	**795**	**6,427**	**69,490**
Additions (Refer Note 1 below)	1,570	-	2,944	2,948	19	39	308	27	74	257	8,186
Disposals	-	-	-	36	-	-	-	-	134	-	170
Balance as at March 31, 2017	**5,728**	**179**	**16,045**	**38,406**	**707**	**3,555**	**5,246**	**221**	**735**	**6,684**	**77,506**
II. Accumulated depreciation and impairment for the year											
Opening balance	**-**	**9**	**3,767**	**14,370**	**455**	**2,814**	**3,000**	**166**	**596**	**128**	**25,305**
Depreciation expense for the year	-	9	779	1,168	66	97	356	13	70	240	2,798
Eliminated on disposal of assets	-	-	-	30	-	-	-	-	106	-	136
Impairment losses recognized in the statement of profit and loss (Refer Note 2 below)	-	-	85	-	-	-	3	-	-	-	88
Balance as at March 31, 2017	**-**	**18**	**4,631**	**15,508**	**521**	**2,911**	**3,359**	**179**	**560**	**368**	**28,055**
Net block (I-II)											
Carrying value as at March 31, 2017	5,728	161	11,414	22,898	186	644	1,887	42	175	6,316	49,451
Carrying value as at March 31, 2016	4,158	170	9,334	21,124	233	702	1,938	28	199	6,299	44,185
For the year 2015-16											
I. Gross block											
Opening balance	**3,817**	**179**	**10,210**	**32,136**	**687**	**3,511**	**3,926**	**177**	**752**	**-**	**55,395**
Additions	341	-	2,891	3,403	3	51	1,012	17	81	6,427	14,226
Disposals	-	-	-	45	2	46	-	-	38	-	131
Balance as at March 31, 2016	4,158	179	13,101	35,494	688	3,516	4,938	194	795	6,427	69,490
II. Accumulated depreciation and impairment for the year Opening balance	**-**	**-**	**3,171**	**12,441**	**354**	**2,669**	**2,589**	**157**	**515**	**-**	**21,896**
Depreciation expense for the year	-	9	596	1,038	88	130	256	9	87	128	2,341
Transition adjustment recorded against surplus balance in statement of profit and loss (refer note 38)	-	-	-	912	13	40	155	-	4	-	1,124
Eliminated on disposal of assets	-	-	-	21	-	25	-	-	10	-	56
Balance as at March 31, 2016	**-**	**9**	**3,767**	**14,370**	**455**	**2,814**	**3,000**	**166**	**596**	**128**	**25,305**
Net block (I-II)											
Carrying value as at March 31, 2016	**4,158**	**170**	**9,334**	**21,124**	**233**	**702**	**1,938**	**28**	**199**	**6,299**	**44,185**
Carrying value as at April 1, 2015	3,817	179	7,039	19,695	333	842	1,337	20	237	-	33,499

Note:
1. During the year, the company acquired the assets of a cement grinding unit at Bayyavaram village.
2. During the year, property, plant and equipment of Pedaveedu unit was assessed for impairment since the company was not in a position to use it for its operations and ₹ 88 (net block) was charged to the statement of profit and loss as impairment loss.

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
4.	**Intangible assets**			
	Computer software	**16**	15	19
	Total	**16**	**15**	**19**

For the year 2016-17

	Description of asset	Computer software
I.	**Gross block**	
	Opening balance	**264**
	Additions	3
	Disposals	-
	Balance as at March 31, 2017	**267**
II.	**Accumulated amortization for the year**	
	Opening balance	249
	Amortization expense for the year	2
	Eliminated on disposal of assets	-
	Balance as at March 31, 2017	**251**
	Net block (I-II)	
	Carrying value as at March 31, 2017	16
	Carrying value as at March 31, 2016	15

For the year 2015-16

	Description of asset	Computer software
I.	**Gross block**	
	Opening balance	**263**
	Addition	1
	Disposals	-
	Balance as at March 31, 2016	**264**
II.	**Accumulated amortization for the year**	
	Opening balance	244
	Amortization expense for the year	5
	Eliminated on disposal of assets	-
	Balance as at March 31, 2016	**249**
	Net block (I-II)	
	Carrying value as at March 31, 2016	**15**
	Carrying value as at April 1, 2015	19

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of shares	As at March 31, 2016 Amount	As at April 1, 2015 No. of shares	As at April 1, 2015 Amount
5.	**Investments**						
	Unquoted investments (all fully paid)						
	Investments in subsidiary						
	Sagar Cements (R) Limited (Formerly BMM Cements Limited)						
	Equity shares (Refer Note 2, 3 below)	**103,812,925**	**18,553**	103,812,925	8,219	-	-
	8% Cumulative redeemable preference shares (Refer Note 3 below)	**43,000,000**	**7,206**	-	-	-	-
			25,759	**-**	**8,219**	**-**	**-**
	Investments in equity instruments - others						
	Panchavati Polyfibres Limited	**26,000**	**26**	26,000	25	26,000	13
	PCL Financial Services Ltd	**1,000**	**2**	1,000	2	1,000	2
	Total		**28**		**27**	**-**	**15**
	Aggregate amount of unquoted investments		**25,759**		8,219	-	-
	Aggregate amount of investment carried at fair value through OCI		**28**		**27**		**15**

Notes

1 With effect from March 28, 2017, the name of the wholly-owned subsidiary BMM Cements Limited has been changed to Sagar Cements (R) Limited.

2 Includes investment of ₹ 401 (March 31, 2016: ₹ 401 and April 1, 2015: Nil) on account of fair valuation of corporate guarantee given by the company on behalf of Sagar Cements (R) Limited, a wholly-owned subsidiary.

3 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 in the subsidiary. As at March 31, 2017 ₹ 340 has been accounted as interest income in the preference shares and added to the cost of preference shares.

Notes to the standalone financial statements for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
6.	**Loans (Unsecured, considered good)**			
	Non-current			
	Loans to related parties (refer note 34)	-	17,200	-
	Total		17,200	-
	Current			
	Loans to related parties (refer note 34)	-	4,982	-
	Total		**4,982**	**-**
	Total Loans	**-**	**22,182**	**-**
7.	**Other financial assets**			
	Non-current			
	(a) Security deposits	1,589	3,774	3,796
	(b) Interest accrued but not due	-	4	-
	(c) Balance held as margin money deposit against borrowings	-	287	151
	Total	**1,589**	**4,065**	**3,947**
	Current			
	(a) Security deposits	95	233	499
	(b) Advances to employees	51	75	-
	(c) Inter corporate deposit	-	-	7,500
	(d) Interest accrued but not due	3,922	2,304	110
	Total	**4,068**	**2,612**	**8,109**
	Total other financial assets	**5,657**	**6,677**	**12,056**
8.	**Other assets (Considered good)**			
	Non-current			
	(a) Capital advances	2,363	1,001	842
	(b) Prepaid expenses	3	3	-
	Total	**2,366**	**1,004**	**842**
	Current			
	(a) Advances to suppliers	613	641	1,447
	(b) Advances to related parties	2,459	960	-
	(c) Advance for acquisition for subsidiary	-	-	2,500
	(d) Prepaid expenses	152	91	118
	(e) Balances with government authorities (other than income taxes)	486	174	305
	(f) Excise duty refund receivable	194	236	236
	(g) Incentives receivable from Government	333	333	1,018
	Total	**4,237**	**2,435**	**5,624**
	Total other assets	**6,603**	**3,439**	**6,466**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
9.	**Inventories (at lower of cost and net realizable value)**				
	(a)	Raw materials	**493**	309	152
	(b)	Coal	**2,078**	994	840
	(c)	Work-in-progress	**1,580**	1,461	1,706
	(d)	Stores and spares	**1,266**	1,473	1,700
	(e)	Packing materials	**209**	178	153
	(f)	Finished goods	**238**	654	586
	Total		**5,864**	**5,069**	**5,137**
	Goods-in-transit:				
	(i)	Raw materials	**5**	7	1
	(ii)	Coal	**1,396**	1,482	1,079
	(iii)	Packing materials	**31**	12	14
	Total		**1,432**	**1,501**	**1,094**
	Total inventories		**7,296**	**6,570**	**6,231**
10.	**Trade receivables**				
	Secured, considered good		**1,157**	957	1,408
	Unsecured, considered good		**3,477**	3,644	4,398
	Unsecured, doubtful		**69**	36	-
	Sub-total		**4,703**	4,637	5,806
	Less: Allowance for credit losses		**(69)**	(36)	-
	Total trade receivables		**4,634**	**4,601**	**5,806**

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, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period	**3,019**	3,333	4,215
1-30 days past due	**597**	446	701
31-60 days past due	**205**	75	134
61-90 days past due	**416**	179	143
91-180 days past due	**228**	363	268
More than 180 days past due	**238**	241	345
Total	**4,703**	**4,637**	**5,806**

Movement in expected credit loss allowance

Particulars	**2016-17**	**2015-16**
Balance at the beginning of the year	**36**	-
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**33**	36
Balance at the end of the year	**69**	**36**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
11a.	Cash and cash equivalents			
	(a) Cash in hand	**2**	2	9
	(b) Deposits with banks			
	Maturity more than 12 months	**-**	-	216
	Maturity less than 12 months	**12,500**	-	21,423
	(c) Balances with banks	**3,569**	15	21
	(d) Cheques on hand	**45**	-	-
	Total cash and cash equivalents	**16,116**	**17**	**21,669**
11b.	Other bank balances			
	(a) Unpaid dividend account	**58**	145	54
	(b) Deposits held as margin money/security for bank guarantees	**811**	205	205
	Total other bank balances	**869**	**350**	**259**
	Total cash and bank balances	16,985	367	21,928

Note	Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of shares	As at March 31, 2016 Amount	As at April 1, 2015 No. of shares	As at April 1, 2015 Amount
12.	Equity share capital						
	Authorised:						
	Equity shares of ₹ 10 each	**22,000,000**	**2,200**	20,000,000	2,000	20,000,000	2,000
	Preference shares of ₹ 10 each	-	-	2,000,000	200	2,000,000	200
	Total	**22,000,000**	**2,200**	22,000,000	2,200	22,000,000	2,200
	Issued, subscribed and fully paid up:						
	Equity shares ₹ 10 each	**20,400,000**	**2,040**	17,388,014	1,739	17,388,014	1,739
	Total	**20,400,000**	**2,040**	**17,388,014**	**1,739**	**17,388,014**	**1,739**
	(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:						
	Opening balance	**17,388,014**	**1,739**	17,388,014	1,739	17,388,014	1,739
	Shares issued during the year (Refer Note (d) below)	**3,011,986**	**301**	-	-	-	-
	Closing balance	**20,400,000**	**2,040**	17,388,014	1,739	17,388,014	1,739

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

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

All amounts are in ₹ lakhs unless otherwise stated

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	Amount
1. Shri S. Veera Reddy	**1,643,795**	**8.06%**	1,643,795	9.45%	1,643,795	9.45%
2. Smt. S. Aruna	**1,369,545**	**6.71%**	1,369,545	7.88%	1,369,545	7.88%
3. Smt. Rachana Sammidi	**1,164,280**	**5.71%**	1,164,280	6.70%	1,164,280	6.70%
4. Dr. S. Anand Reddy	**1,304,776**	**6.40%**	1,149,527	6.61%	1,149,527	6.61%
5. Shri S. Sreekanth Reddy	**1,238,753**	**6.07%**	1,085,757	6.24%	1,085,757	6.24%
6. Smt. S. Vanajatha	**990,769**	**4.86%**	990,769	5.70%	990,769	5.70%
7. AVH Resources India Private Limited	**3,583,704**	**17.57%**	3,277,711	18.85%	3,225,211	18.85%

(d) (i) During the year, the Company made a preferential allotment of 611,986 equity shares of ₹ 10 each at a premium of ₹ 790 per share aggregating ₹ 4,896 (including securities premium of ₹ 4,835) to the promoter and non promoter group. (Refer note 42)

(ii) During the year, the Company raised a sum of ₹ 17,280 (including securities premium of ₹ 17,040) by allotment of 2,400,000 equity shares of ₹ 10 each at a premium of ₹ 710 per share through Qualified Institutions Placement. (Refer note 42)

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
13.	Other equity			
	Capital reserve	**35**	35	35
	Securities premium account	**32,007**	10,503	10,503
	General reserve	**3,598**	3,598	3,598
	Retained earnings	**40,767**	39,522	36,856
	Total other equity	76,407	53,658	50,992

All amounts are in ₹ lakhs unless otherwise stated

Particulars	As at March 31, 2017	As at March 31, 2016
Movement in other equity is as follows:		
Capital Reserve	**35**	**35**
Securities premium account		
(i) Opening Balance	**10,503**	10,503
(ii) Proceeds from issue of shares	**21,875**	-
(iii) Share issue expenses incurred during the year	**(568)**	-
(iv) Income tax relating to share issue expenses	**197**	-
	32,007	**10,503**
General Reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening Balance	**39,522**	36,856
(ii) Profit for the year	**1,249**	4,918
(iii) Other comprehensive income	**(4)**	53
(iv) Additional depreciation on account of componentization of property, plant and equipment (net of tax ₹ 389) (Refer Note 38)	-	(735)
	40,767	**41,092**
Less: Appropriations:		
(i) Dividend on equity shares	-	1,304
(ii) Tax on dividend	-	266
	40,767	**39,522**
Total	**76,407**	**53,658**

Nature of reserves

(a) General reserve

This represents appropriation of profit by the company

(b) Securities premium account

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

(c) Retained earnings

Retained earnings comprises of prior years undistributed earnings after taxes.

(c) Capital reserve

This represents subsidies received from the government.

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
14.	Non current borrowings* (refer note below)				
	A	**Secured borrowings - at amortized cost**			
		Term loans			
		- From banks	**14,829**	10,376	5,695
		- From other parties	**-**	-	6,010
		Total secured borrowings	**14,829**	**10,376**	**11,705**
	B.	**Unsecured borrowings - at amortized cost**			
		Deferred payment liabilities	**-**	189	408
		Total unsecured borrowings	**-**	**189**	**408**
		Total non current borrowings	**14,829**	**10,565**	**12,113**

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

Notes:

As at March 31, 2017

Bank	Loan outstanding	Terms of repayment	Rate of interest
State Bank of India (refer note 1 below)	1,016	Repayable in 18 monthly installments	12.15%
ICICI Bank Limited (refer note 1 below)	6,238	Repayable in 23 quarterly installments	11.80%
Yes Bank Limited (refer note 4 below)	4,000	Repayable in 28 quarterly installments	12.20%
Yes Bank Limited (refer note 2 below)	3,000	Repayable in 72 monthly installments	9.50%
State Bank of India (refer note 5 below)	3,150	Repayable in 32 quarterly installments	11.40%
Vehicle loans from various banks (refer note 6 below)	72	Repayable in 10 - 30 monthly installments	9.00% to 12.50%
less: Current maturities of non-current borrowings	(2,647)		
Total	**14,829**		
As at March 31, 2016			
State Bank of Hyderabad (refer note 1 below)	3,581	Repayable in 86 monthly installments	12.75%
State Bank of India (refer note 1 below)	1,688	Repayable in 30 monthly installments	12.20%
ICICI Bank Limited (refer note 1 below)	6,481	Repayable in 24 quarterly installments	11.90%
Vehicle loans from various banks (refer note 6 below)	440	Repayable in 10 - 28 monthly installments	9.70% to 12.99%
Deferred payment liabilities (refer note 7 below)	189	Repayable in 1 yearly installment	-
less: Current maturities of non-current borrowings	(1,814)		
Total	**10,565**		
As at April 1, 2015			
State Bank of Hyderabad (refer note 1 below)	5,173	Repayable in 104 monthly installments	14.50%
State Bank of India (refer note 1 below)	2,050	Repayable in 42 monthly installments	14.25%
Andhra Pradesh State Financial Corporation (refer note 2 below)	82	Repayable in 9 monthly installments	13.00%
L&T Infrastructure Finance Company (refer note 3 below)	6,500	Repayable in 24 quarterly installments	13.00%
L&T Finance Limited (refer note 2 below)	651	Repayable in 9 monthly installments	13.00%
Vehicle loans from various banks (refer note 6 below)	768	Repayable in 1 - 30 monthly installments	8.95% to 12.99%
Deferred payment liabilities (refer note 7 below)	408	Repayable in 2 yearly installments	-
less: Current maturities of non-current borrowings	(3,519)		
Total	**12,113**		

Note 1: The term loans from the bank is secured by pari-passu charge on the property, plant & equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

Note 2: The term loan was secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant and machinery and mining equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

Note 3: The term loan from other parties was secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company.

Note 4: The term loan from the bank is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram near Vishakhapatnam, Andhra Pradesh both present and future and second pari-passu charge on current assets of the company, both present and future and is guaranteed by Dr. S. Anand Reddy - Joint Managing Director and Shri S. Sreekanth Reddy - Executive Director.

Note 5: The term loan from the bank is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by Shri S.Veera Reddy - Managing Director, Dr. S. Anand Reddy -Joint managing director and Shri S. Sreekanth Reddy - Executive Director.

Note 6: Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

Note 7: Deferred payment liability represents deferred sales tax loan which is interest free and is repayable at the end of the 14th year from the year of deferment.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current borrowings			
Measured at amortized cost	-	-	-
Loans repayable on demand	-	-	-
Cash credit facilities	**5,800**	6,913	8,803
Total current borrowings	**5,800**	**6,913**	**8,803**

Note: The Company has availed cash credit facilities from Banks. This facility is secured against stocks of raw materials, finished goods, trade receivables, stores and spares, present and future, and by second charges on property, plant and equipment of the company and are guaranteed by Shri S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director. The Loans are repayable on demand and carries interest @ 12.15% p.a. to 13.25% p.a.

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
15.	**Other financial liabilities**			
	Non current			
	(a) Security deposits received	**3,979**	3,816	3,370
	(b) Guarantee obligation	**301**	397	-
	Total	**4,280**	**4,213**	**3,370**
	Current			
	(a) Current maturities of non-current borrowings	**2,647**	1,814	3,519
	(b) Deferred payment liability	**-**	219	90
	(c) Interest accrued but not due on borrowings	**63**	45	44
	(d) Unpaid dividends	**58**	145	54
	(e) Payables on purchase of property, plant and equipment	**172**	177	690
	Total	**2,940**	**2,400**	**4,397**
	Total other financial liabilities	**7,220**	**6,613**	**7,767**
16.	**Provisions**			
	(a) Gratuity (refer note 32)	**199**	139	92
	(b) Compensated absences	**156**	172	238
	(c) Other provisions	**-**	2,371	2,371
	Total provisions	**355**	**2,682**	**2,701**
	Non - current			
	Gratuity	**199**	172	238
	Other provisions	**-**	2,371	2,371
	Total	199	**2,543**	2,609
	Current			
	Compensated absences	**156**	139	92
	Total	**156**	**139**	**92**
	Total provisions	**355**	**2,682**	**2,701**
17.	**Trade payables**			
	(a) Due to micro, small and medium enterprises (refer note 29)	**5**	-	36
	(b) Due to others	**8,415**	9,085	7,460
	Total trade payables	**8,420**	**9,085**	**7,496**
18	**Other Liabilities**			
	Non current			
	Liability for land restoration	**178**	179	179
	Total	**178**	**179**	**179**
	Current			
	(a) Advance from customers	**2,185**	2,457	1,351
	(b) Statutory remittances	**1,195**	1,130	1,018
	Total	**3,380**	**3,587**	**2,369**
	Total other liabilities	**3,558**	**3,766**	**2,548**

SAGAR CEMENTS LIMITED
Notes to the standalone financial statements for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
19.	**Revenue from operations**		
	(a) Revenue from sale of goods	**61,609**	70,462
	(b) Other operating income		
	- Sale of scrap	**30**	123
	- Insurance claims	**1**	15
	- Income from brand and man power supply to subsidiary	**360**	211
	Total revenue from operations	**62,000**	**70,811**
20.	**Other income**		
	(a) Interest income		
	- On financial assets carried at amortized cost	**2,220**	2,828
	(b) Profit on sale of property, plant & equipment (net of loss on assets sold / scrapped / written off)	41	-
	(c) Others	**51**	-
	Total other income	**2,312**	**2,828**
21.	**Cost of materials consumed**		
	Opening stock	**309**	152
	Add: Purchases	**7,398**	6,795
	Less: Closing stock	**493**	309
	Total cost of materials consumed	**7,214**	**6,638**
	Details of materials consumed		
	Limestone	**3,270**	2,982
	Laterite	**865**	651
	Iron-ore sludge	**679**	773
	Gypsum	**1,116**	1,117
	Fly ash	**1,093**	1,115
	Slag and others	**191**	-
	Total	**7,214**	**6,638**
22	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Inventories at the beginning of the year:		
	Finished goods	**654**	586
	Work-in-progress	**1,461**	1,706
		2,115	2,292
	Inventories at the end of the year:		
	Finished goods	**238**	654
	Work-in-progress	**1,580**	1,461
		1,818	2,115
	Net decrease	**297**	177

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
23.	**Employee benefit expenses**			
	(a)	Salaries and wages, including bonus	**3,130**	3,232
	(b)	Contribution to provident and other funds	**238**	257
	(c)	Staff welfare expenses	**267**	331
	Total employee benefit expenses		**3,635**	**3,820**
24.	**Finance cost**			
	(a)	Interest expense	**2,531**	2,667
		Less: Amounts included in the cost of qualifying assets	**177**	585
	(b)	Other borrowing cost	**691**	833
	Total finance cost		**3,045**	**2,915**
25.	**Depreciation and amortization expense**			
	(a)	Depreciation of property, plant and equipment	**2,798**	2,341
	(b)	Amortization of Intangible assets	**2**	5
	Total depreciation and amortization expense		**2,800**	**2,346**
26.	**Other expenses**			
	Coal consumed		**10,449**	10,109
	Power		**7,140**	7,028
	Packing materials consumed		**2,641**	2,714
	Stores and spares consumed		**1,497**	1,596
	Repairs and maintenance			
		- Plant and machinery	**1,153**	941
		- Buildings	**30**	40
		- Others	**333**	432
	Freight and forwarding expenses		**10,091**	10,056
	Selling expenses		**1,541**	1,307
	Expected credit loss allowance		**33**	36
	Rent		**174**	197
	Insurance		**103**	114
	Rates and taxes		**320**	138
	Expenditure on corporate social responsibility		**47**	36
	Payment to auditors (refer note below)		**45**	15
	Impairment of non financial assets (refer note 3)		**88**	-
	Travelling and conveyance		**217**	164
	Security services		**103**	90
	Donations and contributions		**54**	41
	Legal and professional		**232**	157
	Administrative expenses		**204**	209
	Printing and stationery		**19**	23
	Communication		**62**	49
	Net Loss on foreign currency transactions and translation		**1**	76

SAGAR CEMENTS LIMITED
Notes to the standalone financial statements for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
	Directors sitting fees		**18**	17
	Loss on sale of property, plant and equipment		**-**	17
	Miscellaneous expenses		**30**	7
	Increase/(decrease) of excise duty on inventory		**(37)**	(14)
	Captive consumption of cement		**(95)**	(78)
	Total other expenses		**36,493**	**35,517**
	Note:			
	Auditors' remuneration (net of service tax) comprises:			
	For audit		**18**	12
	For limited review		**6**	3
	For other services		**19**	-
	Reimbursement of expenses (March 31, 2016: ₹ 0.40)		**2**	-
	Total		**45**	**15**
27.	**Income tax expense**			
	(a)	**Income tax recognized in the statement of profit & loss**		
		Current tax:		
		In respect of current year	**510**	1,835
		In respect of prior years	**(41)**	-
		Total current tax	**469**	**1,835**
		Deferred tax		
		In respect of current year	**686**	354
		Total deferred tax	**686**	354
		Total tax expense	**1,155**	**2,189**
	(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	**2,404**	7,107
		Indian statutory income tax rate	**34.61%**	34.61%
		Expected income tax expense	**832**	2,459
		Tax effect of expenses that are not deductible in determining taxable profit	**364**	-
		Tax effect of prior year expenses	**(41)**	-
		Tax benefit on income exempt from tax	**-**	(270)
		Total income tax expense	**1,155**	**2,189**

All amounts are in ₹ lakhs unless otherwise stated

(c) Movement in deferred tax assets and liabilities for the year 2016-17:

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	5,284	342	-	-	-	-	5,626
Provision for employee benefits	(154)	(23)	3	-	-	-	(174)
Allowance for credit losses	-	(22)	-	-	-	-	(22)
MAT credit entitlement	(2,452)	-	-	-	222	-	(2,230)
Others	(389)	-	-	(197)	-	389	(197)
Total	**2,289**	**297**	**3**	**(197)**	**222**	**389**	**3,003**

Movement in deferred tax assets and liabilities for the year 2015-16:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	(Recognized) / Reversed through other comprehensive income	Recognized directly in equity	Other adjust ments	Reclassified from equity to the statement of profit and loss	Closing balance
Property, plant and equipment and intangible assets	4,805	479	-	-	-	-	5,284
Provision for employee benefits	(24)	(108)	(22)	-	-	-	(154)
MAT credit entitlement	(2,452)	-	-	-	-	-	(2,452)
Others	(27)	(44)	-	(389)	44	27	(389)
Total	**2,302**	**327**	**(22)**	**(389)**	**44**	**27**	**2,289**

(d) Current tax assets and liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income tax	**100**	209	208
Current tax liabilities	**62**	479	986
Net current tax assets/(liabilities)	**38**	**(270)**	**(778)**

All amounts are in ₹ lakhs unless otherwise stated

28. Contingent liabilities, corporate guarantees and capital commitments

a) Contingent Liabilities:

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

i) Claims against the Company not acknowledged as debt:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Direct Tax related	**1,199**	28	38
Indirect Tax related	**1,896**	1,259	1,610
Others	**428**	205	202

ii) APTRANSCO had raised a demand of ₹ 2,371, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years. Out of which, the company had paid an amount of ₹ 2,137 up to March 31, 2016. The company had filed a writ petition with the High Court of Telangana and Andhra Pradesh. During the year ended March 31, 2017, the company has settled the balance amount based on Supreme Court ruling.

iii) The Finance Minister of Government of India has announced in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts, the company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 834 (As at March 31, 2016: ₹ 530; April 1, 2015: 519) from July 2010 to March 2016. The Department of Central excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 823 was reversed, but under protest. The balance of ₹ 11 pertains to the penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the company.

b) Corporate Guarantees:

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

c) Capital Commitments:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	**6,448**	395	729

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

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

All amounts are in ₹ lakhs unless otherwise stated

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	**5**	-	36
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-	
The amount of interest due and payable for the year (where the principal has been paid but interest under the Act not paid)	-	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-	-

30. Financial Instruments:

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

A. Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances.

The capital structure of the company consists of net debt (borrowings as detailed in notes 14 and 15 offset by cash and bank balances) and total equity of the Company.

The company is not subject to any externally imposed capital requirements.

The Company's management reviews the capital structure of the company on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

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

Description	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Debt (refer note below)	**23,339**	19,556	24,569
Cash and bank balances	**16,985**	367	21,928
Net debt	**6,354**	19,189	2,641
Total equity	**78,447**	55,397	52,731
Net debt to equity ratio	**0.081**	0.346	0.050

Note: Debt is defined as current and non-current borrowings (including interest accrued), as described in notes 14 and 15.

All amounts are in ₹ lakhs unless otherwise stated

B. Financial Assets and Liabilities

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

Description	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial Assets			
Measured at amortised cost			
(i) Investments: (In Equity Instruments)	**25,759**	8,219	-
(ii) Loans	-	22,182	-
(iii) Trade receivables	**4,634**	4,601	5,806
(iv) Cash and cash equivalents	**16,116**	17	21,669
(v) Other bank balances	**869**	350	259
(vi) Other Financial Assets	**5,657**	6,677	12,056
Sub total	**53,035**	**42,046**	**39,790**
Measured at FVTOCI			
(i) Investments: (In Equity Instruments)	**28**	27	15
Sub total	**28**	27	**15**
Total Financial Assets	**53,063**	**42,073**	**39,805**
Financial Liabilities			
Measured at amortised cost			
(i) Borrowings	**20,629**	**17,478**	20,916
(ii) Trade payables	**8,420**	9,085	7,496
(iii) Other financial liabilities	**7,220**	6,613	7,767
Total Financial Liabilities	**36,269**	**33,176**	**36,179**

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

C. Fair value hierarchy

Valuation technique and key inputs

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

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

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

Quantitative disclosures of fair value measurement hierarchy for financial instruments:

Particulars	Fair value measurement at the end of year using level 3		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets			
Investment in unquoted equity shares (refer note 5)	28	27	15

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

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

Fair value measurements using significant unobservable inputs (level 3)

The following table presents changes in level 3 items for the year ended March 31, 2017 and March 31, 2016:

Particulars	Investment in unquoted equity shares
As at April 1, 2015	15
Gains recognised in other comprehensive income	12
As at March 31, 2016	**27**
Gains recognised in other comprehensive income	1
As at March 31, 2017	28

Valuation inputs and relationships to fair value:

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Particular	Fair value as at March 31, 2017	Fair value as at March 31, 2016	Fair value as at April 1, 2015	Significant unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
Investment in unquoted equity shares	28	27	15	Earnings growth rate	i) Earnings growth factor for unlisted equity shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	a) Any increase in the earnings growth rate would result in an increase in fair value.
				Discount rate	ii) Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and risk specific to that asset.	b) Any increase in the discount rate would result in a decrease in the fair value.

D. Financial risk management objectives:

The company's corporate finance function monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (includes interest rate risk), credit risk and liquidity risk.

The company seeks to minimize the effects of these risks through continuous monitoring on day to day basis. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

i) **Market risk:**

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

a) **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, 2017 would decrease/increase by ₹ 116 (for the year ended March 31, 2016: decrease/increase by ₹ 90). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

ii) **Credit risk management:**

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

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

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

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 (see note 28).

E. **Liquidity risk management:**

Financing facilities:

Description	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured bills acceptance facility, reviewed annually			
- amount used	**1,378**	1,895	48
- amount unused	**1,822**	1,305	1,352
Total	**3,200**	**3,200**	**1,400**
Secured bank overdraft facility reviewed annually and payable at call			
- amount used	**5,800**	6,913	8,803
- amount unused	**3,900**	287	197
Total	**9,700**	**7,200**	**9,000**

Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement			
- amount used	**17,476**	12,190	15,224
- amount unused	869	19	-
Total	**18,345**	**12,209**	**15,224**

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

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

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

Particulars	Balance as at			Maximum amount outstanding during the year ended		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Sagar Cements (R) Limited	8,969	22,442	-	22,540	27,666	-

32. Employee benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated ₹156 (2015-16 – ₹ 138).

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 ₹ 48 (2015-16 – ₹ 37).

Employee State Insurance

The Company makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated to ₹ 10 (2015-16 – ₹ 5).

(ii) Defined benefit plan:

Gratuity:

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

The following table sets out the Defined Benefit Plan - as per actuarial valuation as at March 31, 2017 and March 31, 2016:

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Mortality table (LIC)	**IALM 2006-08 (ultimate)**	IALM 2006-08 (ultimate)
b) Discounting rate (p.a.)	**7.90%**	7.90%
c) Expected rate of return on plan asset	**8.25%**	8.35%
d) Expected average remaining working lives of employees	**16.08 years**	17 years
e) Rate of escalation in salary	**5%**	5%
f) Attrition rate	**4%**	4%

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	**35**	67
Interest expense	**47**	43
Acquisition adjustment/ New policy/ Premium adjustment	**1**	(1)
Expected return on plan assets	**(33)**	(30)
Defined benefit cost included in profit and loss	**50**	79
Re-measurement effects recognized in Other Comprehensive Income (OCI)		
Actuarial (gain)/loss	**8**	(63)
Components of defined benefit costs recognized in OCI	**8**	(63)

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

Description	For the year ended March 31, 2017	For the year ended March 31, 2016
Present value of funded defined benefit obligations	**630**	591
Fair value of plan assets	**(455)**	(434)
Net liability arising from defined benefit obligation	**175**	157

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

Description	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined benefit obligation at the beginning of the year	**591**	558
Current service cost	**35**	67
Interest cost	**47**	**43**
Re-measurements - Actuarial (gain) / loss	**8**	(63)
Benefits paid	**(51)**	**(14)**
Defined benefit obligation at the year end	**630**	591

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

Description	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of the plan assets	**434**	320
Expected return on plan assets	**33**	30
Contributions from the employer	**40**	97
Benefits paid	**(51)**	(14)
Acquisition Adjustment/ New Policy/Premium Expenses	**(1)**	1
Fair value of plan asset at the year end	**455**	434

f) **Sensitivity Analysis:**

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	1% Increase	**1% Decrease**	**1% Increase**	**1% Decrease**
Effect of 1% change in assumed discount rate	(582)	687	(493)	589
Effect of 1% change in assumed salary rate	663	(596)	628	(554)
Effect of 1% change in assumed attrition rate	(582)	687	(493)	589

Compensated absences to employees is considered a short term liability which is determined in accordance with the provision of Ind AS 19- employee benefits.

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

34. **Related Party Disclosure:**

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

Subsidiary:

Name	Relationship
Sagar Cements (R) Limited	Subsidiary Company

Key managerial personnel (KMP):

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

Relatives of KMP:

Name	Relationship
Smt. S. Vanajatha	Wife of Shri S. Veera Reddy

Enterprise where KMP along with their relatives exercise significant influence

Parties	Relationship
Panchavati Polyfibres Limited	KMP along with their relatives hold 65.45% shares of the Company
Sagar Power Limited	KMP along with their relatives hold 62.50% shares of the Company
RV Consulting Services Private Limited	KMP along with their relatives hold 90.25% shares of the Company
Sagarsoft (India) Limited	KMP along with their relatives hold 51.61% shares of the Company

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

Nature of Transactions	Year Ended March 31, 2017	Year Ended March 31, 2016
Purchase of cement:		
Sagar Cements (R) Limited	-	1,796
Sale of cement:		
Sagar Power Limited	-	3
Purchase of Raw material:		
Panchavati Polyfibres Limited	3,003	2,860
Purchase of Power:		
Sagar Cements (R) Limited	1,749	-
Purchase of Scrap:		
Sagar Cements (R) Limited	-	25
Sale of property, plant and equipment		
Sagar Cements (R) Limited	10	-
Sale of Scrap:		
Sagar Cements (R) Limited	-	79
Rent expenses paid:		
Dr. S. Anand Reddy	29	29
Shri S. Sreekanth Reddy	28	28
Smt. S. Vanajatha	28	28
Total	**85**	**85**
Services rendered:		
Sagar Cements (R) Limited – Manpower supply and branding charges	360	211
Services received:		
Sagarsoft (India) Limited – Staffing resource services	33	45
RV Consulting Services Private Limited – Consultancy services	890	10
Total	**923**	**55**
Reimbursement of expenses:		
Sagarsoft (India) Limited	6	6
RV Consulting Services Private Limited	6	9
Sagar Power Limited	6	102
Total	**18**	**117**
Dividend income:		
Panchavati Polyfibres Limited (₹ 26,000)	-	-
Interest earned on loan and 8% cumulative redeemable preference shares:		
Sagar Cements (R) Limited	2,005	1,669

Loans and Advances given:		
Sagar Cements (R) Limited – Loan	-	14,682
Sagar Cements (R) Limited – Advance	5,329	6,220
Total	**5,329**	**20,902**
Loans and advances repaid		
Sagar Cements (R) Limited	6,799	5,000
Conversion of loan to 8% cumulative redeemable preference shares (CRPS)		
Sagar Cements (R) Limited		
(₹ 6,866 – 8% Cumulative redeemable preference shares and ₹ 10,334 - Deemed cost of equity)	17,200	-
Purchase of equity shares		
Sagar Cements (R) Limited	-	7,818
Corporate Guarantees on behalf of Sagar Cements (R) Limited		
Given/ issued during the year (Fair value of corporate guarantee given ₹ 401)	-	29,900

Compensation to key managerial personnel is as follows:

Nature of Transaction	Party name	For the year ended March 31, 2017	March 31, 2016
Short-term benefits	MD, JMD, ED, CS and CFO	**403**	746
Other benefits	Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	**67**	53

Outstanding Balances	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans			
Sagar Cements (R) Limited	-	22,182	-
Advances			
Sagar Cements (R) Limited	1,763	259	
Sagar Power Limited	696	691	586
RV Consulting Services Private Limited	-	12	3
Total	**2,459**	**962**	**589**
Interest accrued but not due			
Sagar Cements (R) Limited	3,614	2,203	-
Trade Payables			
Sagarsoft (India) Limited	2	3	4
Panchavati Polyfibres Limited	111	216	148
Total	**113**	**219**	**152**
Payable on purchase of property, plant and equipment			
RV Consulting Services Private Limited	32	-	-
Short term benefits payable to key managerial personnel	**-**	**437**	**-**
Rent Payable			
Dr. S. Anand Reddy	2	-	-
Shri S. Sreekanth Reddy	2	-	-
Smt. S. Vanajatha	2	-	-
Total	**6**	**-**	**-**
Corporate guarantees on behalf of Sagar Cements (R) Limited			
Outstanding balance	29,900	29,900	-

35. Operating Lease

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease expense recognized in the Statement of Profit and Loss amounting to ₹ 174 (Previous year ₹ 197)

36. Earnings per share

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Net Profit for the period (₹ in lakhs)	1,249	4,918
Weighted average number of equity shares outstanding at the end of the year	17,891,681	17,388,014
Earnings per share:		
Basic (in ₹)	6.98	28.28
Diluted (in ₹)	6.98	28.28

37. Corporate Social Responsibility (CSR) activities:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. A company meeting the applicability threshold of this section needs to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities have been covered under Schedule VII to the Companies Act, 2013. The Company has spent an amount of ₹ 47 (Previous year ₹ 36) towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under other expense.

38. Depreciation

During the year ended March 31, 2016, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013 relating to componentization of fixed assets, the Company has adjusted an amount of ₹ 735 (net of deferred tax of ₹ 389) against the opening surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

39. Details on acquisition of Sagar Cements (R) Limited

The Company entered into a Share Purchase Agreement ('SPA') on November 5, 2014, with the shareholders of Sagar Cements (R) Limited ('formerly known as BMM Cements Limited'). On August 27, 2015, the Company acquired the entire shareholding of Sagar Cements (R) Limited for a purchase consideration of ₹ 7,818 and consequently Sagar Cements (R) Limited has become a wholly owned subsidiary of the company.

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

41. Disclosure on Specified Bank Notes:

During the year, the company had Specified Bank Notes (SBN's) or other denomination notes as defined in the MCA notification, G.S.R. 308(E) dated March 30, 2017. Details of SBNs and other notes held and transacted during the period November 8, 2016 to December 30, 2016 is provided in the table below:

(Amount in ₹)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on November 8, 2016	30,000	580,389	610,389
(+) Withdrawal from Bank accounts	-	852,000	852,000
(+) Permitted receipts	-	316,750	316,750
(-) Permitted payments	-	1,611,229	1,611,229
(-) Amount deposited in Banks	30,000	-	30,000
Closing cash in hand as on December 30, 2016	-	137,910	137,910

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

43. Dividends

The Board of Directors have recommended a dividend of ₹ 1.50 per share (15%) on 2,040 equity shares of face value of ₹ 10 each for the year 2016-17 on May 29, 2017 subject to the approval of shareholders at the Annual General Meeting. The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company.

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 29, 2017

Independent Auditors' Report

To the Members of Sagar Cements Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of SAGAR CEMENTS LIMITED (hereinafter referred to as "the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. 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 for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us , the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2017, and their consolidated loss, consolidated total comprehensive loss, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent 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, 2017 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 company and the subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's/ subsidiary Company's internal financial controls over financial reporting.

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

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company.

   iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the Management of the respective Group entities.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Secunderabad, May 29, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f)under 'Report on Other Legal and Regulatory Requirements'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, 2017, we have audited the internal financial controls over financial reporting of **SAGAR CEMENTS LIMITED** (hereinafter referred to as "the Parent") and its subsidiary company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent company and its subsidiary company, which is a company incorporated in India, are 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 (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.

Auditors' Responsibility

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent Company and its subsidiary company, which is a company 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, 2017, 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.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Secunderabad, May 29, 2017

SAGAR CEMENTS LIMITED

Consolidated Balance Sheet as at March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note	As at March 31, 2017	As at March 31, 2016
ASSETS			
Non-current assets			
a) Property, plant and equipment	3	**93,125**	88,626
(b) Capital work-in-progress		**5,534**	1,519
(c) Goodwill	38	**3,873**	3,873
(d) Intangible assets	4	**3,057**	3,222
(e) Financial assets			
(i) Investments	5	**28**	27
(ii) Other financial assets	6	**1,924**	4,416
(f) Deferred tax assets (net)	26	**2,463**	2,113
(g) Advance income tax (net)	26	**100**	225
(h) Other non-current assets	7	**2,436**	1,136
Total Non-current assets (1)		**112,540**	**105,157**
Current assets			
(a) Inventories	8	**11,035**	9,052
(b) Financial assets			
(i) Trade receivables	9	**8,083**	8,094
(ii) Cash and cash equivalents	10a	**16,178**	297
(iii) Other bank balances	10b	**869**	350
(iv) Other financial assets	6	**693**	494
(c) Other current assets	7	**3,922**	3,367
Total Current assets (2)		**40,780**	**21,654**
Total Assets (1 + 2)		**153,320**	**126,811**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	**2,040**	1,739
(b) Other equity	12	**74,256**	53,168
Total Equity (1)		**76,296**	**54,907**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**34,967**	29,535
(ii) Other financial liabilities	14	**4,587**	4,442
(b) Provisions	15	**236**	2,569
(c) Deferred tax liabilities (net)	26	**3,003**	2,289
(d) Other non-current liabilities	17	**229**	229
Total Non-current liabilities (2)		**43,022**	**39,064**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**9,561**	8,699
(ii) Trade payables	16	**14,777**	13,241
(iii) Other financial liabilities	14	**5,079**	5,739
(b) Provisions	15	**208**	180
(c) Current tax liabilities (net)	26	**62**	479
(d) Other current liabilities	17	**4,315**	4,502
Total Current liabilities (3)		**34,002**	**32,840**
Total Equity and Liabilities (1 + 2 + 3)		**153,320**	**126,811**
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 : Secunderabad, Date : May 29, 2017

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad, Date: May 29, 2017

SAGAR CEMENTS LIMITED

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	Note	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from operations	18	**94,159**	86,242
II	Other Income	19	**352**	408
III	**Total Revenue (I + II)**		**94,511**	**86,650**
IV	**Expenses**			
	(a) Cost of materials consumed	20	**10,310**	8,708
	(b) Purchase of stock-in-trade		**-**	4,686
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	**135**	291
	(d) Excise duty		**12,775**	10,900
	(e) Employee benefit expenses	22	**4,311**	4,163
	(f) Finance costs	23	**6,208**	4,186
	(g) Depreciation and amortisation expense	24	**4,759**	3,472
	(h) Other expenses	25	**55,591**	45,182
	Total Expenses		**94,089**	**81,588**
V	**Profit before tax (III - IV)**		**422**	**5,062**
VI	**Tax Expense**			
	(a) Current tax	26	**469**	1,835
	(b) Deferred tax	26	**345**	(1,200)
	Total Tax Expense		**814**	**635**
VII	**(Loss)/profit after tax (V - VI)**		**(392)**	**4,427**
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		**(37)**	63
	(b) Equity instruments through other comprehensive income		**1**	12
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**13**	(22)
			(23)	53
IX	**Total comprehensive (loss)/income for the year (VII + VIII)**		**(415)**	**4,480**
X	**Earnings Per Share (₹)**			
	i) Basic	34	**(2.19)**	25.46
	ii) Diluted	34	**(2.19)**	25.46
	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 : Secunderabad
Date : May 29, 2017

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 29, 2017

Consolidated statement of changes in equity for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance at March 31, 2016	**1,739**
Changes in equity share capital during the year (Refer note 11)	301
Balance at March 31, 2017	**2,040**

B. Other equity

Particulars	Reserves and surplus				Items of other comprehensive income		Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
Balance at the August 27, 2015	**35**	**10,503**	**3,598**	**36,856**	**-**	**-**	**50,992**
Profit for the year	-	-	-	4,427	-	-	4,427
Payment of dividend (including tax on dividend)	-	-	-	(1,570)	-	-	(1,570)
Additional depreciation on account of componentization of property, plant and equipment (net of tax ₹ 389) (Refer Note 36)	-	-	-	(735)	-	-	(735)
Other comprehensive income for the year (net of tax ₹ 22)	-	-	-	-	12	41	53
Other adjustments	-	-	-	1	-	-	1
Balance as at March 31, 2016	**35**	**10,503**	**3,598**	**38,979**	**12**	**41**	**53,168**
Loss for the year	-	-	-	(392)	-	-	(392)
Issue of equity shares	-	21,875	-	-	-	-	21,875
Share issue expenses (net of tax ₹ 197)	-	(371)	-	-	-	-	(371)
Other comprehensive income for the year (net of tax ₹ 13)	-	-	-	-	1	(24)	(23)
Other adjustments	-	-	-	(1)	-	-	(1)
Balance as at March 31, 2017	**35**	**32,007**	**3,598**	**38,586**	**13**	**17**	**74,256**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : May 29, 2017

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 29, 2017

SAGAR CEMENTS LIMITED

Consolidated statement of cash flows for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
A.	**Cash flow from operating activities**				
	(Loss)/profit after tax for the year		**(392)**		4,427
	Adjustments for				
	Tax expense	**814**		635	
	Depreciation and amortisation expense	**4,759**		3,472	
	Finance costs	**6,208**		4,186	
	Dividends income (₹ 26,000 for the year ended March 31, 2017 and March 31, 2016)	**-**		-	
	Interest income	**(260)**		(408)	
	Expected credit loss allowance	**33**		63	
	(Gain) / loss on sale of property, plant and equipment (net)	**(41)**		15	
	Impairment of property, plant and equipment	**88**	**11,601**	-	7,963
	Operating profit before working capital changes		**11,209**		**12,390**
	Changes in working capital:				
	Adjustments for (increase) / decrease in operating assets:				
	Trade receivables	**(22)**		(725)	
	Inventories	**(1,983)**		(1,047)	
	Financial assets	**2,654**		323	
	Other assets	**(548)**	**101**	474	(975)
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**1,536**		3,539	
	Other financial liabilities	**312**		1,069	
	Provisions	**(2,342)**		78	
	Other liabilities	**(187)**	**(681)**	(854)	3,832
	Cash generated from operating activities		**10,629**		**15,247**
	Less: Income tax paid		**(530)**		(2,359)
	Net Cash generated from operating activities		**10,099**		**12,888**
B	**Cash Flow from investing activities**				
	Capital expenditure on property, plant and equipment including capital advances (net)	**(14,518)**		(7,195)	
	Consideration towards acquisition of subsidiary	-		(5,318)	
	Movement in bank balances not considered as cash and cash equivalents (net)	**(690)**		(227)	
	Proceeds from disposal of property, plant and equipments	**75**		1,245	
	Interest received	**70**		405	
	Dividend received (₹ 26,000 for the year ended March 31, 2017 and March 31, 2016)	**-**		-	
	Net cash used in investing activities		**(15,063)**		**(11,090)**

C	**Cash flow from financing activities**		
	Proceeds from issue of debentures	**-**	15,000
	Proceeds from issue of shares including securities premium (net)	**22,176**	-
	Expenses on issue of shares	**(568)**	-
	Proceeds from non-current borrowings	**12,885**	13,981
	Advance to related parties (net)	**(21)**	-
	Repayment of non-current borrowings	**(8,775)**	(45,312)
	Proceeds from current borrowings (net)	**862**	(1,703)
	Finance costs	**(5,714)**	(4,012)
	Dividend payments including tax (net)	**-**	(1,479)
	Net cash generated from/(used in) financing activities	**20,845**	**(23,525)**
	Net increase in cash and cash equivalent (A+B+C)	**15,881**	**(21,727)**
	Cash and cash equivalent at the beginning of the year	**297**	21,668
	Cash and cash equivalent on acquisition of subsidiary	-	356
	Cash and cash equivalent at the end of the year	**16,178**	**297**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : May 29, 2017

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 29, 2017

SAGAR CEMENTS LIMITED

Notes forming part of the Financial Statements

1. a) **Corporate Information**

Sagar Cements Limited ("the Company") and its wholly owned subsidiary Sagar Cements (R) Limited (formerly known as BMM Cements 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. With effect from March 28, 2017, the name of the wholly owned subsidiary BMM Cements Limited has been changed to Sagar Cements (R) Limited.

b) **Significant accounting policies**

(i) **Statement of compliance**

The consolidated financial statements have been prepared in accordance with Ind ASs notified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, provisions of the Act to the extent notified.

Upto the year ended March 31, 2016, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS financial statements. Refer Note 2 for the details of first-time adoption exemptions availed by the Group and explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

(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 directors 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 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 (Formerly known as BMM Cements Limited)	Subsidiary	India	Sagar Cements Limited	100%

Sagar Cements (R) Limited (formerly known as BMM Cements Limited) is consolidated with the Company w.e.f August 27, 2015.

(v) Business combination

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

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

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

(vi) Goodwill

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

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

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

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

(vii) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue includes excise duty.

Sale of goods

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

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

Generation of Power

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

Dividend and interest income

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

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

(viii) Borrowing costs

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(ix) Government grants

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

(x) Employee benefits

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

Defined Contribution Plans

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

Defined Benefit Plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, 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. Remeasurement 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
- remeasurement

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. The Group'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 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

Railway siding - 25 years

Plant and machinery other than continuous process plant – 25 years

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

Electrical Equipment (Plant & Machinery) - 15 years

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

The Group follows the process of componentization for fixed assets. 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 stated 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 and, where applicable, excise duty.

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. Excise duty is included in the value of finished goods

(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 Sagar 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 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.

(xix) Impairment of assets

a. Financial assets:

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

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

b. Non-financial assets:

Intangible assets and property, plant and equipment

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

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

(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) Recent accounting pronouncements

a) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017. However, Ind AS 102, 'Share based payments' is not applicable to the company.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.

All amounts are in ₹ lakhs unless otherwise stated

2. Transition to Ind AS

A First-time adoption – mandatory exceptions, optional exemptions

Overall principle

The subsidiary was acquired on August 27, 2015 and consolidated financial statements was prepared for the first time for the year ended March 31, 2016. Hence, balance sheet as at April 1, 2015 has not been presented.

B Reconciliation between previous GAAP and Ind AS

(i) Reconciliation of equity as previously reported and Ind AS

Particulars	Note	As at March 31, 2016
Equity (shareholders' funds) under previous GAAP		**54,962**
Recognition of borrowings using effective interest rate	1	55
Effect of measuring investments at fair value through OCI	2	24
Mines restoration expense	4	(10)
Provision for expected credit loss	5	(27)
Amortisation expense	6	(97)
Equity under Ind AS GAAP		**54,907**

(ii) Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	Note	As at March 31, 2016
Net profit for the year as per previous GAAP		**4,610**
Remeasurements of defined benefit obligation recognized in other comprehensive income under Ind AS	3	(63)
Recognition of borrowings using effective interest rate	1	(8)
Mines restoration cost	4	(10)
Amortisation expense	6	(97)
Provision for expected credit loss	5	(27)
Deferred tax impact on the above	3	22
Total effect of transition to Ind AS		(183)
Profit for the year as per Ind AS		4,427
Other comprehensive income for the year	2, 3	53
Total comprehensive income under Ind AS		**4,480**

(iii) There are no material adjustments to the statement of cash flows as reported under Previous GAAP.

Notes

1 Under Indian GAAP, transaction costs incurred in connection with borrowings are charged upfront to the statement of profit and loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to the statement of profit and loss using the effective interest method. This has resulted in an increase in equity to ₹ 55 as at March 31, 2016 and decrease in profit for the year ended March 31, 2016 by ₹ 8.

2 Under previous GAAP, non-current investments were measured at cost less dimunition in value which is other than temporary. Under Ind AS, these financial assets have been classified as FVTOCI. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in equity to ₹ 24 as at March 31, 2016 and increase in total comprehensive income for the year ended March 31, 2016 by ₹ 12.

3 Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined liability/asset which is recognized in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of profit and loss. The actuarial loss for the year ended March 31, 2016 were ₹ 63 and the tax effect there on is ₹ 22. This does not affect total equity, but there is a decrease in profit before tax of ₹ 63, and in total profit of ₹ 41 for the year ended March 31, 2016.

4 Under Ind AS, the cost of an item of property, plant and equipment includes the initial estimate of the costs of restoring the site. Accordingly, the cost has been estimated and liability is set up for restoring the mining land. The cost is depreciated over the period of usage of the land. This has resulted in decrease in equity and profit by ₹ 10 as at and for the year ended March 31, 2016.

5 Under previous GAAP, the company made provision for receivables on a case to case basis. Under Ind AS, the company has adopted a provision matrix to determine impairment loss on its trade receivables. This has resulted in decrease in equity by ₹ 27 as at March 31, 2016 and decrease in profit by ₹ 27 for the year ended March 31, 2016.

6 Under Ind AS 103, on the acquisition date the assets and liabilities of the acquired company was fair valued resulting in recognition of mining rights in the consolidated financial statements. These mining rights are amortized over the period of the lease. This has resulted in decrease in equity and profit as at and for the year ended March 31, 2016 by ₹ 97.

7 Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gain and losses are required to be presented in other comprehensive income.

8 Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented separately on the face of the statement of profit and loss. The change does not affect total equity as at March 31, 2016, profit before tax or total profit for the year ended March 31, 2016.

SAGAR CEMENTS LIMITED

Notes to the consolidated financial statements for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2017	As at March 31, 2016
3.	**Property, plant and equipment**		
	Land - freehold	**8,448**	6,878
	Land restoration	**208**	219
	Buildings	**14,686**	12,172
	Plant & machinery	**57,674**	57,123
	Furniture and fittings	**226**	278
	Office and other equipment	**1,134**	1,048
	Electrical installations	**3,909**	4,140
	Computers	**94**	102
	Vehicles	**430**	367
	Railway siding	**6,316**	6,299
	Total	93,125	88,626

For the year 2016-17

Description of assets	Land-freehold	Land restoration	Buildings	Plant & machinery	Furniture and fittings	Office and other equipment	Electrical installations	Computers	Vehicles	Railway siding	Total
I. Gross block											
Opening balance	**6,878**	**229**	**15,993**	**72,316**	**735**	**3,879**	**7,251**	**279**	**970**	**6,427**	**114,957**
Additions (Refer Note 1 below)	1,570	-	3,484	3,105	19	239	308	31	192	257	9,205
Disposals	-	-	-	36	-	-	-	-	134	-	170
Balance as at March 31, 2017	**8,448**	**229**	**19,477**	**75,385**	**754**	**4,118**	**7,559**	**310**	**1,028**	**6,684**	**123,992**
II. Accumulated depreciation and impairment for the year											
Opening balance	**-**	**10**	**3,821**	**15,193**	**457**	**2,831**	**3,111**	**177**	**603**	**128**	**26,331**
Depreciation expense for the year	-	11	885	2,549	71	153	536	39	101	240	4,585
Eliminated on disposal of assets	-	-	-	31	-	-	-	-	106	-	137
Impairment losses recognized in the statement of profit and loss (Refer Note b below)	-	-	85	-	-	-	3	-	-	-	88
Balance as at March 31, 2017	**-**	**21**	**4,791**	**17,711**	**528**	**2,984**	**3,650**	**216**	**598**	**368**	**30,867**
Net block (I-II)											
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
Carrying value as at March 31, 2016	6,878	219	12,172	57,123	278	1,048	4,140	102	367	6,299	88,626
For the year 2015-16											
I. Gross block											
Opening balance	**3,817**	**179**	**10,210**	**32,136**	**688**	**3,511**	**3,926**	**177**	**752**	**-**	**55,396**
Additions	341	-	3,039	3,646	34	292	1,012	66	241	6,427	15,098
Additions through business combination	2,801	50	2,744	36,579	15	121	2,313	36	15	-	44,674
Disposals	81	-	-	45	2	45	-	-	38	-	211
Balance as at March 31, 2016	6,878	229	15,993	72,316	735	3,879	7,251	279	970	6,427	114,957
II. Accumulated depreciation and impairment for the year											
Opening balance	**-**	**-**	**3,171**	**12,441**	**354**	**2,669**	**2,589**	**157**	**515**	**-**	**21,896**
Depreciation expense for the year	-	10	650	1,860	90	148	367	20	95	128	3,368
Transition adjustment recorded against surplus balance in statement of profit and loss (refer note 36)	-	-	-	913	13	40	155	-	3	-	1,124
Eliminated on disposal of assets	-	-	-	21	-	26	-	-	10	-	57
Balance as at March 31, 2016	**-**	**10**	**3,821**	**15,193**	**457**	**2,831**	**3,111**	**177**	**603**	**128**	**26,331**
Net block (I-II)											
Carrying value as at March 31, 2016	**6,878**	**219**	**12,172**	**57,123**	**278**	**1,048**	**4,140**	**102**	**367**	**6,299**	**88,626**

Note:

1. During the year, the Company acquired the assets of a cement grinding unit at Bayyavaram village.
2. During the year, property, plant and equipment of Pedaveedu unit was assessed for impairment, since the company was not in a position to use it for its operations and ₹ 88(net block) was charged to the statement of profit and loss as impairment loss.

All amounts are in ₹ lakhs unless otherwise stated

	Particulars	As at March 31, 2017	As at March 31, 2016
4.	**Intangible assets**		
	Computer software	**43**	44
	Mining rights	**3,014**	3,178
	Total	**3,057**	**3,222**

For the year 2016-17

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

For the year 2015-16

	Description of asset	Computer software	Mining rights	Total
I.	**Gross block**			
	Opening balance	**264**	**-**	**264**
	Additions	-	3,276	3,276
	Additions through business combination	30	-	30
	Balance as at March 31, 2016	**294**	**3,276**	**3,570**
II.	**Accumulated amortization for the year**			
	Opening balance	**244**	**-**	**244**
	Amortisation expense for the year	6	98	104
	Balance as at March 31, 2016	**250**	**98**	**348**
	Net block (I-II)			
	Carrying value as at March 31, 2016	44	3,178	3,222

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of shares	As at March 31, 2016 Amount
5.	Investments				
	Unquoted investments (all fully paid)				
	Investments in equity instruments				
	Panchavati Polyfibres Limited	**26,000**	**26**	26,000	25
	PCL Financial Services ltd	**1,000**	**2**	1,000	2
	Total investments		**28**		**27**
	Aggregate amount of investment carried at fair value through OCI		**28**		27

Note	Particulars	As at March 31, 2017	As at March 31, 2016
6.	Other financial assets		
	Non-current		
	(a) Security deposits	**1,645**	4,125
	(b) Interest accrued but not due	**-**	4
	(c) Balance held as margin money deposit against borrowings	**279**	287
	Total	**1,924**	**4,416**
	Current		
	(a) Security deposits	**136**	283
	(b) Advances to employees	**51**	78
	(c) Interest accrued but not due	**327**	133
	(d) Balance held as margin money deposit against borrowings	**179**	-
	Total	**693**	**494**
	Total other financial assets	**2,617**	**4,910**
7.	Other assets (Considered good)		
	Non-current		
	(a) Capital advances	**2,419**	1,132
	(b) Prepaid expenses	**17**	4
	Total	**2,436**	**1,136**
	Current		
	(a) Advances to suppliers	**980**	1,066
	(b) Advances to related parties	**783**	762
	(c) Prepaid expenses	**208**	167
	(d) Balances with government authorities (other than income taxes)	**651**	310
	(e) Excise duty refund receivable	**194**	236
	(f) Incentives receivable from Government	**1,060**	787
	(g) Others	**46**	39
	Total	**3,922**	**3,367**
	Total other assets	**6,358**	**4,503**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars		As at March 31, 2017	As at March 31, 2016
8.	Inventories (at lower of cost and net realizable value)			
	(a)	Raw materials	806	464
	(b)	Coal	3,097	1,518
	(c)	Work-in-progress	2,051	1,844
	(d)	Stores and spares	1,762	1,820
	(e)	Packing materials	297	285
	(f)	Finished goods	582	924
	Total		**8,595**	**6,855**
	Goods-in-transit:			
	(i)	Raw materials	5	7
	(ii)	Coal	2,404	2,178
	(iii)	Packing materials	31	12
	Total		**2,440**	**2,197**
	Total inventories		11,035	9,052
9.	Trade receivables			
	Secured, considered good		1,554	997
	Unsecured, considered good		6,529	7,097
	Unsecured, doubtful		96	63
	Sub-total		**8,179**	**8,157**
	Less: Allowance for credit losses		(96)	(63)
	Total trade receivables		8,083	8,094

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 receivables is as follows:

Age of receivables

Particulars	As at March 31, 2017	As at March 31, 2016
Within the credit period	5,194	5,003
1-30 days past due	1,120	1,346
31-60 days past due	432	628
61-90 days past due	782	546
91-180 days past due	405	393
More than 180 days past due	246	241
Total	8,179	8,157
Movement in expected credit loss allowance		
Particulars	2016-17	2015-16
Balance at the beginning of the year	63	-
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	33	63
Balance at the end of the year	96	63

SAGAR CEMENTS LIMITED

Notes to the consolidated financial statements for the year ended March 31, 2017

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2017	As at March 31, 2016
10a.	Cash and cash equivalents		
	(a) Cash in hand	**4**	4
	(b) Deposits with banks Maturity less than 12 months	**12,500**	238
	(c) Balances with banks	**3,629**	55
	(d) Cheques on hand	**45**	-
	Total cash and cash equivalents	16,178	297
10b.	Other bank balances		
	(a) Unpaid dividend account	**58**	145
	(b) Deposits held as margin money/security for bank guarantees	**811**	205
	Total other bank balances	**869**	**350**
	Total cash and bank balances	17,047	647

Note	Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of shares	As at March 31, 2016 Amount
11.	Equity share capital				
	Authorised:				
	Equity shares of ₹ 10 each	**22,000,000**	**2,200**	20,000,000	2,000
	Preference shares of ₹ 10 each	-	-	2,000,000	200
	Total	**22,000,000**	**2,200**	**22,000,000**	**2,200**
	Issued, subscribed and fully paid up:				
	Equity shares ₹ 10 each	**20,400,000**	**2,040**	17,388,014	1,739
	Total	**20,400,000**	**2,040**	**17,388,014**	**1,739**

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

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Amount	As at March 31, 2016 No. of shares	As at March 31, 2016 Amount
Opening balance	**17,388,014**	**1,739**	17,388,014	1,739
Shares issued during the year (Refer Note (d) below)	**3,011,986**	**301**	-	-
Closing balance	**20,400,000**	**2,040**	**17,388,014**	**1,739**

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

All amounts are in ₹ lakhs unless otherwise stated

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

	Name of the shareholder	As at March 31, 2017 No. of shares	As at March 31, 2017 % of holding	As at March 31, 2016 No. of shares	As at March 31, 2016 % of holding
1.	Shri S. Veera Reddy	**1,643,795**	**8.06%**	1,643,795	9.45%
2.	Smt S. Aruna	**1,369,545**	**6.71%**	1,369,545	7.88%
3.	Smt Rachana Sammidi	**1,164,280**	**5.71%**	1,164,280	6.70%
4.	Dr. S. Anand Reddy	**1,304,776**	**6.40%**	1,149,527	6.61%
5.	Shri S. Sreekanth Reddy	**1,238,753**	**6.07%**	1,085,757	6.24%
6.	Smt S. Vanajatha	**990,769**	**4.86%**	990,769	5.70%
7.	AVH Resources India Private Limited	**3,583,704**	**17.57%**	3,277,711	18.85%

(d) (i) During the year, the Company made a preferential allotment of 611,986 equity shares of ₹ 10 each at a premium of ₹ 790 per share aggregating ₹ 4,896 (including securities premium of ₹ 4,835) to the promoter and non promoter group. (Refer note 40)(ii) During the year, the Company raised a sum of ₹ 17,280 (including securities premium of ₹ 17,040) by allotment of 2,400,000 equity shares of ₹ 10 each at a premium of ₹ 710 per share through Qualified Institutional Placement. (Refer note 40)

Note	Particulars	As at March 31, 2017	As at March 31, 2016
12.	Other equity		
	Capital reserve	**35**	35
	Securities premium account	**32,007**	10,503
	General reserve	**3,598**	3,598
	Retained earnings	**38,616**	39,032
	Total other equity	74,256	53,168

Movement in other equity is as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Capital reserve	**35**	**35**
Securities premium account		
(i) Opening balance	**10,503**	10,503
(ii) Proceeds from issue of shares	**21,875**	-
(iii) Share issue expenses incurred during the year	**(568)**	-
(iv) Income tax relating to issue of shares	**197**	-
	32,007	**10,503**
General reserve	**3,598**	**3,598**
Retained earnings		
(i) Opening balance	**39,032**	36,856
(ii) Profit for the year	**(392)**	4,427
(iii) Other comprehensive income	**(23)**	53
(iv) Additional depreciation on account of componentization of property, plant and equipment (net of tax ₹ 389) (Refer Note 36)	**-**	(735)

All amounts are in ₹ lakhs unless otherwise stated

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
(v)	Other adjustments	**(1)**	1
		38,616	**40,602**
	Less: Appropriations		
	(i) Dividend on equity shares	-	1,304
	(ii) Tax on dividend	-	266
		38,616	**39,032**
	Total	**74,256**	**53,168**

Nature of reserves:

(a) General reserve

This represents appropriation of profit by the company

(b) Securities premium account

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

(c) Retained earnings

Retained earnings comprises of prior years undistributed earnings after taxes.

(d) Capital reserve

This represents subsidies received from the government.

Note	Particulars		As at March 31, 2017	As at March 31, 2016
13.	Non current borrowings*			
	A.	**Secured borrowings - at amortized cost**		
		Debentures (refer note (iii) below)	**15,000**	15,000
		Term Loans		
		- Loans from banks (refer note (i) below)	**19,967**	14,346
		Total secured borrowings	**34,967**	**29,346**
	B.	**Unsecured borrowings - at amortized cost**		
		Deferred payment liabilities (refer note (ii) below)	-	189
		Total unsecured borrowings	**-**	**189**
		Total non-current borrowings	**34,967**	**29,535**

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

Note (i): As at March 31, 2017

Bank	Loan outstanding	Terms of repayment	Rate of interest
State Bank of India (refer note 1 below)	1,016	Repayable in 18 monthly installments	12.15
ICICI Bank Limited (refer note 1 below)	6,238	Repayable in 23 quarterly installments	11.80%
Yes Bank Limited (refer note 4 below)	4,000	Repayable in 28 quarterly installments	12.20%
Yes Bank Limited (refer note 2 below)	3,000	Repayable in 72 monthly installments	9.50%
State Bank of India (refer note 5 below)	3,150	Repayable in 32 quarterly installments	11.40%
State Bank of Hyderabad (refer note 3 below)	1,300	Repayable in 5 quarterly installments	12.75%
Corporation Bank (refer note 3 below)	170	Repayable in 1 quarterly installment	16.25%

All amounts are in ₹ lakhs unless otherwise stated

Bank	Loan outstanding	Terms of repayment	Rate of interest
Yes Bank Limited (refer note 2 below)	5,000	Repayable in 32 quarterly installments	12.35%
Vehicle loans from various banks (refer note 6 below)	223	Repayable in 35-36 monthly installments	9.00% - 12.50%
less: Current maturities of non-current borrowings	(4,130)		
Total	**19,967**		
As at March 31, 2016			
State Bank of Hyderabad (refer note 1 below)	3,581	Repayable in 86 monthly installments	12.75%
State Bank of India (refer note 1 below)	1,688	Repayable in 30 monthly installments	12.20%
ICICI Bank Limited (refer note 1 below)	6,481	Repayable in 24 quarterly installments	11.80%
State Bank of Hyderabad (refer note 3 below)	3,780	Repayable in 9 quarterly installments	12.75%
Corporation Bank (refer note 3 below)	850	Repayable in 5 quarterly installments	16.00%
Yes Bank Limited (refer note 2 below)	2,500	Repayable in 32 quarterly installments	12.35%
Vehicle loans from various banks (refer note 6 below)	440	Repayable in 10 - 28 monthly installments	9.70% - 12.99%
less: Current maturities of non-current borrowings	(4,974)		
Total	**14,346**		

Note 1: The term loans from the bank is secured by pari-passu charge on the property, plant & equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the Company both present and future, and by second charge on the current assets of the company and are guaranteed by Shri S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

Note 2: The term loan was secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director.

Note 3: The term loan from other parties was secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company.

Note 4: The term loan from the bank is secured by exclusive charge of all property, plant and equipment of the grinding unit at Bayyavaram near Vishakhapatnam, Andhra Pradesh both present and future and second pari-passu charge on current assets of the company, both present and future and is guaranteed by Dr. S. Anand Reddy - Joint Managing Director and Shri S. Sreekanth Reddy- Executive Director.

Note 5: The term loan from the bank is secured by exclusive charge on the assets of 6.00 MW Waste heat recovery power plant, hypothecation of plant & machinery and is guaranteed by Shri S.Veera Reddy- Managing Director, Dr. S. Anand Reddy- Joint Managing Director and Shri S. Sreekanth Reddy- Executive Director.

Note 6: Vehicle Loans from various banks/financial institutions are secured by the hypothecation of specific assets purchased from those loans.

Note (ii): Deferred payment liability represents deferred sales tax loan which is interest free and is repayable at the end of the 14th year from the year of deferment.

All amounts are in ₹ lakhs unless otherwise stated

Note (iii) Non-Convertible Debentures (NCD) have been issued to International Finance Corporation. A total of 1,500 NCD's have been issued of ₹ 10 each aggregating to ₹15000. 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 ₹ 1154 starting from May 2019 onwards. The NCD's are secured by pari-passu charge on the property, plant and equipment i.e., land, buildings, plant & machinery and mining equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr. S. Anand Reddy - Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director. The Holding Company has furnished a corporate guarantee to IDBI Trusteeship Services Limited to secure the NCD's.

Particulars	As at March 31, 2017	As at March 31, 2016
Current borrowings		
Measured at amortized cost		
(a) Loans repayable on demand		
Cash credit facilities	**9,561**	8,699
Total current borrowings	**9,561**	**8,699**

Note: The group has availed cash credit facilities from Banks. This facility is secured against stocks of raw materials, finished goods, trade receivables, stores and spares, present and future, and by second charges on property, plant and equipment of the group and are guaranteed by Shri S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy, Executive Director. The Loans are repayable on demand and carries interest @ 12.15% p.a. to 15.10% p.a.

Note	Particulars	As at March 31, 2017	As at March 31, 2016
14.	**Other financial liabilities**		
	Non current		
	(a) Security deposits received	4,556	4,152
	(b) Loans from others	31	290
	Total	**4,587**	**4,442**
	Current		
	(a) Current maturities of non-current borrowings	4,130	4,974
	(b) Deferred payment liability	-	219
	(c) Interest Accrued but not due on borrowings	718	224
	(d) Unpaid dividends	58	145
	(e) Payables on purchase of property, plant and equipment	173	177
	Total	**5,079**	**5,739**
	Total other financial liabilities	**9,666**	**10,181**
15.	**Provisions**		
	(a) Gratuity (Refer note 30)	236	198
	(b) Compensated absences	208	180
	(c) Other provisions	-	2,371
	Total Provisions	**444**	**2,749**
	Non-current		
	Gratuity	236	198
	Other provisions	-	2,371
	Total	**236**	**2,569**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	As at March 31, 2017	As at March 31, 2016
	Current		
	Compensated absences	**208**	180
	Total	**208**	**180**
	Total provisions	444	2,749
16.	Trade payables		
	(a) Due to micro, small and medium enterprises (Refer note 28)	**5**	-
	(b) Due to others	**14,772**	13,241
	Total trade payables	14,777	13,241
17.	Other liabilities		
	Non current		
	Liability for land restoration	**229**	229
	Total	**229**	**229**
	Current		
	(a) Advance from customers	**2,617**	3,015
	(b) Statutory remittances	**1,698**	1,487
	Total	**4,315**	**4,502**
	Total other liabilities	4,544	4,731

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
18.	Revenue from operations		
	(a) Revenue from		
	- Sale of cement	**92,088**	82,840
	- Sale of power	**1,458**	3,160
	(b) Other operating income		
	- Incentives received from government	**562**	201
	- Sale of Scrap	**44**	24
	- Insurance Claims	**7**	17
	Total revenue from operations	94,159	86,242
19.	Other income		
	(a) Interest income		
	- On financial assets carried at amortized cost	**260**	408
	(b) Profit on sale of property, plant & equipment (net of loss on assets sold / scrapped /written off)	**41**	-
	(c) Others	**51**	-
	Total other income	352	408
20.	Cost of materials consumed		
	Opening stock	**464**	152
	Add: Purchases	**10,652**	9,027
	Less: Closing stock	**806**	471
	Total cost of materials consumed	10,310	8,708

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Details of materials consumed		
	Limestone	**4,846**	4,459
	Laterite	**1,652**	847
	Iron-ore sludge	**861**	952
	Gypsum	**1,500**	1,309
	Fly ash	**1,260**	1,141
	Slag and Others	**191**	-
	Total	**10,310**	**8,708**
21.	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Inventories at the beginning of the year:		
	Finished goods	**924**	586
	Work-in-progress	**1,844**	1,705
		2,768	**2,291**
	Inventories on acquisition of subsidiary:		
	Finished goods	**-**	178
	Work-in-progress	**-**	590
		-	768
	Inventories at the end of the year:		
	Finished goods	**582**	924
	Work-in-progress	**2,051**	1,844
		2,633	2,768
	Net decrease	**135**	**291**
22.	**Employee benefit expenses**		
	(a) Salaries and wages, including bonus	**3,751**	3,496
	(b) Contribution to provident and other funds	**248**	278
	(c) Staff welfare expenses	**312**	389
	Total employee benefit expenses	**4,311**	**4,163**
23.	**Finance cost**		
	(a) Interest expense	**5,586**	3,989
	Less: Amounts included in the cost of qualifying assets	**177**	585
	(b) Other borrowing cost	**799**	782
	Total finance cost	**6,208**	**4,186**
24.	**Depreciation and amortisation expense**		
	(a) Depreciation of property, plant and equipment	**4,585**	3,368
	(b) Amortisation of Intangible assets	**174**	104
	Total depreciation and amortisation expense	**4,759**	**3,472**

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
25.	Other expenses		
	Coal consumed	**21,470**	15,184
	Power	**5,719**	6,856
	Packing materials consumed	**3,717**	3,166
	Stores and spares consumed	**2,746**	2,099
	Repairs and maintenance		
	- Plant and machinery	**1,881**	1,377
	- Buildings	**38**	58
	- Others	**487**	565
	Freight and forwarding expenses	**15,112**	12,048
	Selling expenses	**2,231**	1,872
	Expected credit loss allowance	**33**	63
	Rent	**220**	**215**
	Insurance	**142**	150
	Rates and taxes	**458**	256
	Expenditure on corporate social responsibility	**47**	36
	Payment to auditors (Refer note below)	**61**	25
	Impairment of non financial assets (Refer note 3)	**88**	-
	Travelling and conveyance	**293**	224
	Security services	**206**	157
	Donations and contributions	**56**	42
	Legal and professional	**346**	489
	Administrative expenses	**230**	217
	Printing and stationery	**24**	26
	Communication	**71**	57
	Net Loss on foreign currency transactions and translation	**1**	77
	Directors sitting fees	**23**	20
	Loss on sale of property, plant and equipment	**-**	17
	Miscellaneous expenses	**46**	6
	Increase/(decrease) of excise duty on inventory	**(20)**	(14)
	Captive consumption of cement	**(135)**	(106)
	Total other expenses	**55,591**	**45,182**
	Note		
	Payment to auditors comprises:		
	For audit	**28**	20
	For limited review	**10**	3
	For other services	**21**	2
	Reimbursement of expenses (March 31, 2016: ₹ 0.40)	**2**	-
	Total	61	25

All amounts are in ₹ lakhs unless otherwise stated

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
26.	**Income tax expense**		
	(a) Income tax recognized in the statement of profit & loss		
	Current tax:		
	In respect of the current year	**510**	1,835
	In respect of prior years	**(41)**	-
	Total current tax	**469**	1,835
	Deferred tax		
	In respect of current year origination and reversal of temporary differences	**345**	(1,200)
	Total deferred tax	**345**	**(1,200)**
	Total tax expense	814	635

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

Particulars	Opening balance	Other adjustment	(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	11,305	-	1,077	-	-	-	-	12,382
Provision for employee benefits	(167)	-	(46)	13	-	(19)	-	(219)
Allowance for credit losses	-	-	(22)	-	-	-	-	(22)
MAT credit entitlement	(2,452)	-	-	-	-	222	-	(2,230)
Carry forward business losses and depreciation	(8,121)	-	(1,053)	-	-	-	-	(9,174)
Others	(389)	-	-	-	(197)	-	389	(197)
Total	176	-	(44)	13	(197)	203	389	540

Movement in deferred tax assets and liabilities for the year 2015-16:

Particulars	Opening balance	Other adjustment	(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	4,805	6,234	266	-	-	-	-	11,305
Provision for employee benefits	(24)	-	(121)	(22)	-	-	-	(167)
MAT credit entitlement	(2,452)	-	-	-	-	-	-	(2,452)
Carry forward business losses and depreciation	-	(6,792)	(1,329)	-	-	-	-	(8,121)
Others	(27)	43	(43)	-	(389)	-	27	(389)
Total	2,302	(515)	(1,227)	(22)	(389)	-	27	176

All amounts are in ₹ lakhs unless otherwise stated

Gross deferred tax assets and liabilities are as follows:

As at March 31, 2017	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(6,756)	5,626	12,382
Provision for employee benefits	45	(174)	(219)
Allowance for credit losses		(22)	(22)
MAT credit entitlement	-	(2,230)	(2,230)
Carry forward business losses and depreciation	9,174	-	(9,174)
Others	-	(197)	(197)
Total	**2,463**	**3,003**	**540**

As at March 31, 2016	Assets	Liabilities	Net Liability
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment and intangible assets	(6,021)	5,284	11,305
Provision for employee benefits	13	(154)	(167)
MAT credit entitlement	-	(2,452)	(2,452)
Carry forward business losses and depreciation	8,121	-	(8,121)
Others	-	(389)	(389)
Total	**2,113**	**2,289**	**176**

Current tax assets and liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Advance income tax	**100**	225
Current tax liabilities	**62**	479
Net current tax assets/(liabilities)	**38**	**(254)**

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, 2017	As at March 31, 2016
Direct taxes related	**1,214**	28
Indirect taxes related	**2,394**	1,801
Others	**428**	205

ii) APTRANSCO had raised a demand of ₹ 2,371, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years, on the holding company, out of which the holding company had paid ₹ 2,137 up to March 31, 2016. The holding company had filed a writ petition with the High Court of Telangana and Andhra Pradesh. During the year ended March 31, 2017, the holding company has settled the balance amount based on Supreme Court ruling.

(iii) The Finance Minister of Government of India has announced in the budget for the year 2010-11, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from July 1, 2010. As advised by the legal experts the company took CENVAT credit pertaining to clean energy cess on coal for an amount of ₹ 1,145 (As at March 31, 2016: 530) from July 2010 to March 2016. The Department of Central excise issued an order and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input CENVAT credit, thus the credit availed on cess is irregular. Based on department's order the amount of ₹ 1,134 was reversed, but under protest. The balance of ₹ 11 pertains to penalty imposed by the department and disclosed in contingent liabilities under indirect taxes. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the company.

All amounts are in ₹ lakhs unless otherwise stated

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 of ₹ 10 each aggregating to ₹ 15,000 issued by its wholly owned subsidiary, Sagar Cements (R) Limited to International Finance Corporation and a further guarantee to secure the credit facilities aggregating ₹ 14,900 availed by the said subsidiary from its lenders.

c) Capital Commitment:

Particulars	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	**6,606**	395

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

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

Particulars	As at March 31, 2017	As at March 31, 2016
The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	5	-
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the year (where the principal has been paid but interest under the Act not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

29. Financial Instruments:

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

All amounts are in ₹ lakhs unless otherwise stated

A) Capital Management

The group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances.

The capital structure of the group consists of net debt (borrowings as detailed in notes 13 & 14 offset by cash and bank balances) and total equity of the group.

The group is not subject to any externally imposed capital requirements.

The group's management reviews the capital structure of the group on a monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

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

Description	As at March 31, 2017	As at March 31, 2016
Debt (refer note below)	**49,407**	43,941
Cash and bank balances	**17,047**	647
Net debt	**32,360**	43,294
Total equity	**76,296**	54,907
Net debt to equity ratio	**0.424**	0.788

Note: Debt is defined as current and non-current borrowings (including interest accrued), as described in notes 13 & 14.

B) Financial Assets and Liabilities:

The carrying value and fair value of financial instruments by categories as of March 31, 2017 and March 31, 2016 is as follows:

Description	As at March 31, 2017	As at March 31, 2016
Financial Assets		
Measured at amortised cost		
(i) Trade receivables	**8,083**	8,094
(ii) Cash and cash equivalents	**16,178**	297
(iii) Other bank balances	**869**	350
(iv) Other Financial Assets	**2,617**	4,910
Sub total	**27,747**	**13,651**
Measured at FVTOCI		
(i) Investments: (In Equity Instruments)	**28**	27
Sub total	**28**	**27**
Total	**27,775**	**13,678**
Measured at amortised cost		
(i) Borrowings	**44,528**	38,234
(ii) Trade payables	**14,777**	13,241
(iii) Other financial liabilities	**9,666**	10,181
Total	**68,971**	**61,656**

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

All amounts are in ₹ lakhs unless otherwise stated

C) Fair value hierarchy

Valuation technique and key inputs:

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

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

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

Quantitative disclosures of fair value measurement hierarchy for financial instruments are as follows:

Particulars	Fair value measurement at the end of year using level 3	
	As at March 31, 2017	As at March 31, 2016
Assets		
Investment in unquoted equity shares (refer note 5)	28	27

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

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

Fair value measurements using significant unobservable inputs (level 3)

The following table presents changes in level 3 items for the year ended March 31, 2017 and March 31, 2016:

Particulars	Investment in unquoted equity shares
Opening balance	15
Gains recognised in other comprehensive income	12
As at March 31, 2016	**27**
Gains recognised in other comprehensive income	1
As at March 31, 2017	**28**

Valuation inputs and relationships to fair value:

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Particular	Fair value as at March 31, 2017	Fair value as at March 31, 2016	Significant unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
Investment in unquoted equity shares	28	27	Earnings growth rate	i) Earnings growth factor for unlisted equity shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	a) Any increase in the earnings growth rate would result in an increase in fair value.
			Discount rate	ii) Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and risk specific to that asset.	b) Any increase in the discount rate would result in a decrease in the fair value.

D) Financial risk management objectives:

The group's corporate finance function monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (includes interest rate risk), credit risk and liquidity risk.

The group seeks to minimize the effects of these risks by continues monitoring on day to day basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

i) Market risk:

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

a) 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, 2017 would decrease/increase by ₹ 242 (for the year ended March 31, 2016: decrease/increase by ₹ 208). 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 counter party will default on its contractual obligations resulting in financial loss to the company. The group has adopted a policy of dealing with creditworthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counter party 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 counter party. Concentration of credit risk to any counter party did not exceed 5% of gross monetary assets at any time during the year.

All amounts are in ₹ lakhs unless otherwise stated

E) **Liquidity Risk Management:**

Financing facilities:

Particulars	As at March 31, 2017	As at March 31, 2016
Secured bills acceptance facility, reviewed annually		
- amount used	**2,382**	2,409
- amount unused	**2,318**	1,791
Total	**4,700**	**4,200**
Secured bank overdraft facility reviewed annually and payable at call		
- amount used	**9,561**	8,699
- amount unused	**4,139**	2,501
Total	**13,700**	**11,200**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement		
- amount used	**24,097**	19,320
- amount unused	**869**	19
Total	**24,966**	**19,339**

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

30. Employee benefits:

The employee benefit schemes are as under:

(i) **Defined contribution plan:**

Provident Fund

The group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 191 (2015-16: ₹ 165)

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 recognised during the year aggregated ₹ 48 (2015-16 ₹ 37)

Employee State Insurance

The group makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognised during the year aggregated to ₹ 10 (2015-16 – ₹ 5).

(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, 2017 and March 31, 2016:

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Mortality table (LIC)	**IALM 2006-08 (ultimate)**	IALM 2006-08 (ultimate)
b) Discounting rate (p.a.)	**7.90%**	7.90%
c) Expected rate of return on plan asset	**8.25%**	8.35%
d) Rate of escalation in salary	**5%**	5%
e) Attrition rate	**4%**	4%

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Amount recognized in statement of profit and loss in respect of defined benefit plan is as follows:		
Current service cost	**41**	73
Interest expense	**49**	44
Acquisition adjustment/ New policy/ Premium adjustment	**2**	-1
Expected return on plant assets	**(34)**	(30)
Defined benefit cost included in profit and loss	**58**	**86**
Re-measurement effects recognized in Other Comprehensive Income (OCI)		
Actuarial (gain)/loss	**37**	(63)
Components of defined benefit costs recognized in OCI	**37**	**(63)**

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Present value of funded defined benefit obligations	**693**	617
Fair value of plan assets	**(481)**	(434)
Net liability arising from defined benefit obligation	**212**	183

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined benefit obligation at the beginning of the year	**617**	577
Current service cost	**41**	73
Interest cost	**49**	44
Re-measurements - Actuarial (gain) / loss	**37**	(63)
Benefits paid	**(51)**	(14)
Defined benefit obligation at the year end	**693**	**617**

All amounts are in ₹ lakhs unless otherwise stated

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

Description	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of the plan assets	**434**	320
Expected return on plan assets	**34**	30
Contributions from the employer	**66**	97
Benefits paid	**(51)**	(14)
Acquisition Adjustment/ New Policy/Premium Expenses	**(2)**	1
Fair value of plan asset at the year end	**481**	**434**

f) Sensitivity Analysis:

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

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
Effect of 1% change in assumed discount rate	**(639)**	**757**	(517)	617
Effect of 1% change in assumed salary rate	**732**	**(656)**	655	(578)
Effect of 1% change in assumed attrition rate	**(639)**	**757**	(517)	617

Compensated absences to employees is considered a short term liability which is determined in accordance with the provision of Ind AS 19- employee benefits.

31. Segment Reporting:

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

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

Particulars	Business segments					
	Manufacturing of cement		Power generation		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue	**92,701**	81,606	**6,160**	6,782	**98,861**	88,388
Less: Inter-segment revenue					**4,702**	2,146
Total	**92,701**	**81,606**	**6,160**	**6,782**	**94,159**	**86,242**
Segment result	**6,136**	7,908	**142**	932	**6,278**	8,840
Un allocable expenses (net)					**5,856**	3,778
Profit before taxes					**422**	5,062
Tax expense					**(814)**	(635)
Profit/(loss) after tax					**(392)**	**4,427**

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Business segments					
	Manufacturing of cement		Power generation		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Segment assets	**129,354**	105,400	**16,382**	14,564	**145,736**	119,964
Un allocable assets					**7,584**	6,847
Total assets					**153,320**	126,811
Segment liabilities	**31,359**	31,896	**3,461**	2,367	**34,820**	34,263
Un allocable liabilities					**3,107**	2,913
Total liabilities					**37,927**	**37,176**

32. Related Party Disclosures - As required by Ind AS 24 "Related party Disclosures" specified under Section 133 of the Companies Act, 2013

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

Key managerial personnel (KMP)

Name	Relationship
Shri Swaminatha Reddy Onteddu	Chairman of the Board of Directors
Shri S. Veera Reddy	Managing Director (MD)
Dr. S. Anand Reddy	Joint Managing Director (JMD)
Shri S. Sreekanth Reddy	Executive Director (ED)
Shri Dinesh Kumar Singhi (upto August 26, 2015)	Chairman
Smt. Snehalatha Singhi (upto August 26, 2015)	Director
Mr. K. Narsimha Murthy (upto August 26, 2015)	Whole Time Director
Shri Kolappa Thanu Pillai	Director
Shri Rajendra Prasad Kandikattu	Nominee director
Shri Valliyur Hariharan Ramakrishnan	Director
Ms. S. Sahithi	Executive Director
Smt. Rachana Sammidi	Director
Shri John Eric Fernand Pascal Cesar Bertrand	Director
Shri K. Prasad	Chief Financial Officer (CFO)
Shri R. Soundararajan	Company Secretary (CS)

Relatives of KMP:

Name	Relationship
Smt. S. Vanajatha	Wife of Shri S. Veera Reddy

Enterprise where KMP along with their relatives exercise significant influence

Name	Relationship
Panchavati Polyfibres Limited	KMP along with their relatives hold 65.45% shares of the Company
Sagar Power Limited	KMP along with their relatives hold 62.50% shares of the Company
RV Consulting Services Private Limited	KMP along with their relatives hold 90.25% shares of the Company
Sagarsoft (India) Limited	KMP along with their relatives hold 51.61% shares of the Company

All amounts are in ₹ lakhs unless otherwise stated

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

Nature of Transactions	Year ended March 31, 2017	Year ended March 31, 2016
Sale of cement:		
Sagar Power Limited	-	3
Purchase of Raw material:		
Panchavati Polyfibres Limited	**4,107**	3,337
Rent expenses		
Dr. S. Anand Reddy	**29**	29
Shri S. Sreekanth Reddy	**28**	28
Smt. S. Vanajatha	**28**	28
Total	**85**	**85**
Services received		
Sagarsoft (India) Limited – Staffing resource services	**47**	45
RV Consulting Services Private Limited – Consultancy services	**890**	10
Total	**937**	**55**
Reimbursement of expenses		
Sagarsoft (India) Limited	**6**	23
RV Consulting Services Private Limited	**6**	449
Sagar Power Limited	**6**	102
Total	**18**	**574**
Dividend received		
Panchavati Polyfibres Limited (₹ 26,000 received in the current and previous year)	**-**	-
Advance given		
RV Consulting Services Private Limited	**40**	-
Compensation to key managerial personnel:		
Short term benefits		
Chairman, MD, JMD, ED, CS & CFO	**415**	746
Commission and other benefits		
Chairman, MD, JMD, ED, CS, CFO and non-executive and Independent Directors	**71**	57
Outstanding Balances	**As at March 31, 2017**	**As at March 31, 2016**
Loans, Advances and deposits		
Sagar Power Limited – Advance	**756**	691
RV Consulting Services Private Limited - Advance and deposits	**50**	12
Total	**806**	**703**
Trade Payables		
Sagarsoft (India) Limited	**3**	4
Panchavati Polyfibres Limited	**307**	278
Total	**310**	**282**

All amounts are in ₹ lakhs unless otherwise stated

Outstanding Balances	As at March 31, 2017	As at March 31, 2016
Payable on purchase of capital goods		
RV Consulting Services Private Limited	**32**	-
Rent Payable		
Smt. S. Vanajatha	**2**	-
Shri S. Sreekanth Reddy	**2**	-
Dr. S. Anand Reddy	**2**	-
Total	**6**	**-**
Short term benefits payable to key managerial personnel	**18**	**449**

33. Operating Lease

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The operating lease expense recognized in the Statement of Profit and Loss amounting to ₹ 220 (Previous year ₹ 215).

34. Earnings per Share

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net Profit for the year (₹ in lakhs)	**(392)**	4,427
Weighted average number of equity shares outstanding at the end of the year	**17,891,681**	17,388,014
Earnings per share:		
Basic (in ₹)	**(2.19)**	25.46
Diluted (in ₹)	**(2.19)**	25.46

35. Corporate Social Responsibility (CSR) activities:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the company. A company meeting the applicability threshold of this section needs to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The areas for CSR activities are promoting sports, education, adoption of schools, medical and other social projects. All these activities have been covered under Schedule VII to the Companies Act, 2013. The company has spent an amount of ₹ 47 (Previous year ₹ 36) towards CSR activities based on the recommendations of CSR Committee constituted by the Board. Expenses incurred on CSR activities are charged to the Statement of Profit and Loss under other expense.

36. Depreciation

During the year ended March 31, 2016, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013 relating to componentization of property, plant and equipment, the Company has adjusted an amount of ₹ 735 (net of deferred tax of ₹ 389) against retained earning under other equity.

37. The Group has certain mining leases granted by the Government for limestone mining in Pedaveedu Village, Mattampally up to August 17, 2024 and in Gudipadu Village, Tadipatri upto December 14, 2035.

38. Goodwill arising on acquisition of Sagar Cements (R) Limited

On August 27, 2015, Sagar Cements Limited acquired 100% stake in Sagar Cements (R) Limited. The total cost of acquisition was ₹ 7,818. The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Amount in ₹	Amount in ₹
Purchase price		7,818
Assets		
Non-current	**48,948**	
Current	**4,660**	
Total	**53,608**	
Liabilities		
Non-current	**42,872**	
Current	**6,791**	
Total	**49,663**	
Less: Net assets of Sagar Cements (R) Limited as on August 27, 2015		**3,945**
Goodwill on consolidation		**3,873**

39. Disclosure on Specified Bank Notes:

During the year, the company had Specified Bank Notes (SBN's) or other denomination notes as defined in the MCA notification, G.S.R. 308(E) dated March 30, 2017. Details of SBNs and other notes held and transacted during the period November 8, 2016 to December 30, 2016 is provided in the table below:

(Amount in ₹)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on November 8, 2016	30,000	864,500	894,500
(+) Withdrawal from Bank accounts	-	1,112,000	1,112,000
(+) Permitted receipts	-	568,081	568,081
(-) Permitted payments	-	2,015,918	2,015,918
(-) Amount deposited in Banks	30,000	218,000	248,000
Closing cash in hand as on December 30, 2016	-	310,663	310,663

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

41. Additional information as required by Paragraph 2 of the General instructions for preparation of consolidated financial statements to Schedule III of the Companies Act, 2013:

As at and for the year ended March 31, 2017:

Name of the entity in the Group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Sagar Cements Limited (Parent)	103%	78,447	319%	1,249	17%	(4)	300%	1,245
Sagar Cements (R) Limited (Subsidiary)	12%	9,507	(377)%	(1,476)	83%	(19)	(360)%	(1,495)
Adjustments arising out of Consolidation	(15)%	(11,658)	(42)%	(165)	-	-	(40)%	(165)
Total	**100%**	**76,296**	**100%**	**(392)**	**100%**	**(23)**	**100%**	**(415)**

As at and for the year ended March 31, 2016:

Name of the entity in the Group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Sagar Cements Limited (Parent)	101%	55,397	111%	4,918	100%	53	111%	4,971
Sagar Cements (R) Limited (Subsidiary)	1%	668	(60)%	(2,646)	-	-	(59)%	(2,646)
Adjustments arising out of Consolidation	(2)%	(1,158)	49%	2,155	-	-	48%	2,155
Total	**100%**	**54,907**	**100%**	**4,427**	**100%**	**53**	**100%**	**4,480**

42. The Board of Directors have recommended a dividend of ₹ 1.50 per share (15%) on 2,040 equity shares of face value of ₹ 10 each for the year 2016-17 on May 29, 2017 subject to the approval of shareholders at the Annual General Meeting. The dividend declared by the Company is based on the profits available for distribution as reported in the financial statements of the Company.

For and on behalf of the Board of Directors

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

S.Sreekanth Reddy
Executive Director

K.Prasad
Chief Financial Officer

R.Soundararajan
Company Secretary

Place: Hyderabad
Date: May 29, 2017

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

36th ANNUAL GENERAL MEETING ON FRIDAY, THE 22nd SEPTEMBER, 2017 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 Sixth Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 4.00 p.m. on Friday, the 22nd September, 2017.

Name of the Member : ______________________ Signature : ______________________

Name of the Proxyholder : ______________________ Signature : ______________________

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

SAGAR CEMENTS LIMITED

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033
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 Sixth Annual General Meeting of the Company to be held on **Friday, the 22nd September, 2017 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, 2017.
2	Declaration of dividend.
3	Appointment of Shri S.Sreekanth Reddy, who retires by rotation and is eligible for re-appointment, as Director.
4	Appointment of Smt. S.Rachana, who retires by rotation and is eligible for re-appointment, as Director.
5	Ratification of appointment of auditors.
6	Ratification of remunation payable to the cost auditors.

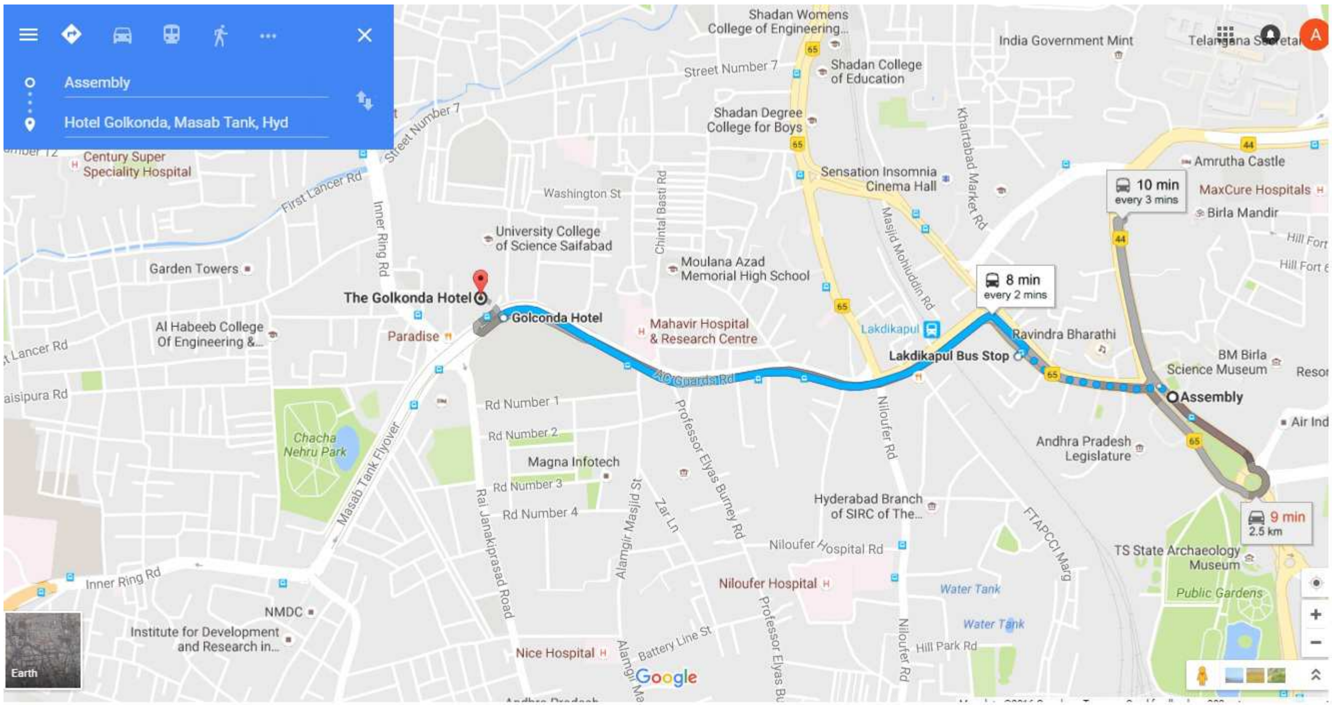
Signed this _____ day of _______________ 2017

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 36th Annual General Meeting of the Company.

ROUTE MAP FOR AGM



SAGAR CEMENTS LIMITED

CIN : L26942TG1981PLC002887

Registered Office :
Plot No.111, Road No.10, Jubilee Hills,
Hyderabad-500 033, Telangana, India
Tel: 040 - 23351571
Fax: 040 - 23356573
www.sagarcements.in

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