

SAGAR CEMENTS
30th
ANNUAL REPORT
2010-2011



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
Shri K.Thanu Pillai	Independent & Non Executive
Shri Gilbert Noel Claude Natta	Non-Executive
Shri Werner C.R.Poot	Non Executive
Shri P.Rajeswara Rao	APIDC Nominee
Shri V.V.S.Ravindra	IDBI Nominee and Independent (up to 29.4.2011)
Shri G.Suneel Babu	IDBI Nominee and Independent(w.e.f.29.4.2011)

COMPANY SECRETARY

Shri R.Soundararajan

SENIOR MANAGEMENT TEAM

Corporate Office:

Shri M.S.A.Narayana Rao	Group President
Shri M.V.Subba Rao	Senior Vice President
Shri P.Vasudeva Reddy	Vice President - Works
Shri K.Ganesh	Vice President - Projects
Shri P.Venkat Reddy	Vice President - Finance
Shri P.S.Prasad	Vice President - Marketing
Shri O.Anji Reddy	Chief General Manager (Electrical & Installations)
Shri K.V.Ramana	Chief General Manager - Mines
Site:	
Shri M.V.Ramana Murthy	General Manager - Production & QC
Shri A.K.Nagesh	General Manager (Mech. & Development)

AUDITORS

M/s. P.Srinivasan & Co.,
Chartered Accountants
H.No. 12-13-422, Street No.1, (Lane Opp. Bank of Barode), Tarnaka,
Secunderabad – 500 017

COST AUDITORS

M/s.Narasimha Murthy & Co.,
Cost Accountants
104, Pavani Estates, Y.V.Rao Mansion, Himayathnagar
Hyderabad – 500 029

BANKERS

State Bank of Hyderabad
State Bank of India
IDBI Bank Limited

REGISTERED OFFICE

8-2-472/B/2, Road No.1, Banjara Hills
Hyderabad-500 034. Tel: 040 – 23351571
Fax: 040 - 23356573

FACTORY

Mattampally, Via Huzurnagar
Nalgonda District, Andhra Pradesh 508 204
Tel: 08683 – 247039

Pedaveedu Village, Via Huzurnagar
Nalgonda District, Andhra Pradesh 508 204
Tel: 08683 - 216533 / 247333



SAGAR CEMENTS LIMITED

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Members of the Company will be held at 3.30 p.m. on Thursday, the 22nd September, 2011 at Hotel Golkonda, Masab Tank, Hyderabad-500 028, to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as on that date together with the Reports of the Board of Directors and Auditors thereon;
2. To declare dividend;
3. To appoint a Director in place of Shri O.Swamintha Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K.Thanu Pillai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the company to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business**6. REAPPOINTMENT OF SHRI S.VEERA REDDY AS MANAGING DIRECTOR**

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

“Resolved that in accordance with Sec.198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII and subject to approvals, if any, as may be required from the Financials Institutions and other authorities concerned, Shri S.Veera Reddy be and is hereby re-appointed as Managing Director of the Company for a period of five years with effect from 13th July, 2011 on the following remuneration:

Salary: Rs.6,00,000/- p.m..

Perquisites:

As mutually agreed between the Managing Director and the Company, but restricted to 75 % of the salary. In addition to this, and subject to the ceiling on the overall remuneration mentioned below, Shri S.Veera Reddy, Managing Director will be entitled to the reimbursement of actual medical expenses incurred in India and or abroad including hospitalization, nursing home and surgical charges for himself and his family.

Commission:

Such amount of commission calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee thereof, which together with the salary and perquisites shall not exceed the ceiling laid down in Section 309 of the Companies Act, 1956.

Further resolved that in addition to the above remuneration, Shri S.Veera Reddy will be eligible for contribution to PF, 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.

Further resolved that the overall remuneration i.e. the aggregate of salary, perquisites and commission, if any, payable to Shri S.Veera Reddy, Managing Director in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII as in force from time to time.

Further resolved that where in any financial year during Shri S.Veera Reddy's tenure as the Managing Director,



the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year will be restricted to the amount as allowed in such a case under Schedule XIII to the Companies Act, 1956.

Further resolved that the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions.”

7. ENHANCEMENT IN THE REMUNERATION TO DR.S.ANAND REDDY, JOINT MANAGING DIRECTOR

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

“Resolved that in accordance with Sec.198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII and in partial modification of the special resolutions passed by the shareholders at their 26th and 27th Annual General Meetings held on 24th September, 2007 and 24th September, 2008 respectively regarding the re-appointment of and remuneration payable to Dr.S.Anand Reddy as Joint Managing Director of the Company and subject to approvals, if any, as may be required from the Financial Institutions and other authorities concerned, consent be and is hereby accorded to the payment of remuneration to him as revised below with effect from 1st April, 2011

Salary: Rs.4,00,000/- p.m..

Perquisites:

As mutually agreed between the Joint Managing Director and the Company, but restricted to 75 % of the salary. In addition to this, and subject to the ceiling on the overall remuneration mentioned below, Dr.S.Anand Reddy, Joint Managing Director will be entitled to the reimbursement of actual medical expenses incurred in India and or abroad including hospitalization, nursing home and surgical charges for himself and his family.

Commission:

Such amount of commission calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee thereof, which together with the salary and perquisites shall not exceed the ceiling laid down in Section 309 of the Companies Act, 1956.

Further resolved that in addition to the above remuneration, Dr.S.Anand Reddy will be eligible for contribution to PF, 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.

Further resolved that the overall remuneration i.e. the aggregate of salary, perquisites and commission, if any, payable to Dr.S.Anand Reddy, Joint Managing Director in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII as in force from time to time.

Further resolved that where in any financial year during Dr.S.Anand Reddy's tenure as the Joint Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year will be restricted to the amount as allowed in such a case under Schedule XIII to the Companies Act, 1956.

Further resolved that the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions.”

8. ENHANCEMENT IN THE REMUNERATION TO SHRI S.SREEKANTH REDDY, EXECUTIVE DIRECTOR

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

“Resolved that in accordance with Sec.198, 309, 310 and other applicable provisions of the Companies Act, 1956



read with its Schedule XIII and in partial modification of the special resolution passed by the shareholders at their 27th Annual General Meeting held on 24th September, 2008 regarding the appointment of and remuneration payable to Shri S.Sreekanth Reddy as Executive Director of the Company and subject to approvals, if any, as may be required from the Financial Institutions and other authorities concerned, consent be and is hereby accorded to the payment of remuneration to him as revised below with effect from 1st April, 2011.

Salary: Rs.3,00,000/- p.m..

Perquisites:

As mutually agreed between the Executive Director and the Company, but restricted to 75 % of the salary. In addition to this, and subject to the ceiling on the overall remuneration mentioned below, Shri S.Sreekanth Reddy, Executive Director will be entitled to the reimbursement of actual medical expenses incurred in India and or abroad including hospitalization, nursing home and surgical charges for himself and his family.

Commission:

Such amount of commission calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee thereof, which together with the salary and perquisites shall not exceed the ceiling laid down in Section 309 of the Companies Act, 1956.

Further resolved that in addition to the above remuneration, Shri S.Sreekanth Reddy will be eligible for contribution to PF, 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.

Further resolved that the overall remuneration i.e. the aggregate of salary, perquisites and commission, if any, payable to Shri S.Sreekanth Reddy, Executive Director in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII as in force from time to time.

Further resolved that where in any financial year during Shri S.Sreekanth Reddy's tenure as the Executive Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year will be restricted to the amount as allowed in such a case under Schedule XIII to the Companies Act, 1956.

Further resolved that the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions."

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself / herself and the proxy to be so appointed need not be a Member of the Company. However, proxies in order to be effective must be lodged with the company at its Registered Office not less than 48 hours before the commencement of the Meeting.
2. The details required to be given under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Item No.3, 4, 6, 7 and 8 along with the Explanatory Statement pursuant to Sec.173 of the Companies Act, 1956 in respect of the special business in Item No.6, 7 and 8 are given in the annexure, which forms part of this Notice.
3. Register of Members and the Share Transfer Books of the company will remain closed during the period from 15.09.2011 to 22.09.2011 (both days inclusive).
4. Members holding shares in physical form are requested to inform the Company or its Registrars about the change, if any, in their addresses along with their e-mail, if any.



5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends up to the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet en-cashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form No.II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to:

Office of the Registrar of Companies
Kendriya Sadan
Sultan Bazaar
Koti
Hyderabad

6. Consequent upon the amendment to Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the un-claimed dividends for the financial year ended 31st March, 1996 onwards and up to the financial year ended 31st March, 2001 were duly transferred to the Investors Education and Protection Fund set up by the Government of India.
7. Members who have not yet encashed their dividend warrants in respect of the dividend declared subsequently as detailed below are requested to make their claims to the Company.

Year	Nature of Dividend
2004-05	Final Dividend
2005-06	Final Dividend
2006-07	Interim and later confirmed as Final
2007-08	Interim and Final
2008-09	Final
2009-10	Final

8. Dividend for the year 2010-11, if declared at the meeting, will be paid to those members whose names appear on the Company's Register of Members on 22.09.2011.
9. Section 109A of the Companies Act, 1956 provides for Nomination by the shareholders of the Company in the prescribed Form No.2B and the shareholders are requested to avail this facility.

By Order of the Board

R.Soundararajan
Company Secretary

12th July 2011
Registered Office:
8-2-472/B/2, Road No.1
Banjara Hills,
Hyderabad – 500 034, A.P.



Annexure to the Notice of the 30th Annual General Meeting
(Explanatory Statement U/s. 173 (2) of the Companies Act, 1956)

Item No.6 of the Notice

As the tenure of Shri S.Veera Reddy as Managing Director had come to an end on 12th July, 2011, with a view to continuing to avail his services as Managing Director, the Board has re-appointed him as Managing Director for a further period of five years with effect from 13th July, 2011 on a remuneration as detailed in the resolution.

Shri S.Veera Reddy is one of the co-promoters of the company and his business acumen and qualities of leadership have contributed in an immense measure to the growth and stability of the company. The Board is of the firm view that it would be in the interest of the company that he be re-appointed as Managing Director for a further term of five years and accordingly it commends the resolution for acceptance by the Members.

As the Resolution is for the re-appointment of Shri S.Veera Reddy as Managing Director, to that extent he and Dr.S.Anand Reddy and Shri S.Sreekanth Reddy, who are the other directors related to Shri S.Veera Reddy, are deemed to be interested in the resolution.

Item No.7 & 8 of the Notice

While reviewing the remuneration payable to the Whole-time Directors of the company, the Remuneration Committee of the Board had approved an enhancement in the remuneration payable to the Whole-time Directors as stated in the resolutions, after taking into account the volume of the operations and increasing responsibilities these Whole-time Directors are required to full fill in the context of the recent expansion coupled with the just concluded merger of ACL with SCL.

The Board has accepted the recommendations made by the Remuneration Committee.As the said enhancement would require the approval of the shareholders, suitable resolutions for the same have been submitted in Item No.7 and 8 for enhancement of remuneration payable to Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director respectively.

As these Resolutions pertain to the enhancement of remuneration payable to Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director, to that extent they and Shri S.Veera Reddy, who is related to both of them may be deemed to be interested in these resolutions.

By Order of the Board

R.Soundararajan
Company Secretary

12th July 2011
Registered Office:
8-2-472/B/2, Road No.1
Banjara Hills,
Hyderabad – 500 034, A.P.



Annexure to the Notice of the 30th Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)
Details of Directors seeking re-appointment at the Annual General Meeting

Name of the Director	Shri O. Swaminatha Reddy	Shri K. Thanu Pillai	Shri S.Veera Reddy
Date of birth	25-12-1930	14-05-1935	26-10-1935
Experience in specific functional areas	Financial Consultant	Banking and Finance	General Management
Qualification	B.Com., (Hons) A.C.A.	MBA, CAIIB	Up to Graduation
Directorships in other Companies in India	TCI Finance Limited Sagar Power Limited TCI Developers Limited KCP Limited Transport Corporation of India Limited Surana Ventures Limited Bhagyanagar India Limited KM Power Limited Thembu Power Pvt. Ltd. EPR Gene Technologies Pvt.Ltd. EPR Pharmaceuticals Pvt. Ltd. EPR Centre for Cancer Research and Biometrics Pvt. Ltd.	BSCPL Infrastructure Ltd. LVS Energy (P) Ltd. Amar Biotech Ltd. Aishu Castings Ltd. Bollineni Developers Ltd. BSCPL Realty Ltd. BSCPL Infra Projects Ltd. Krishna Institute of Medical Sciences Simhapuri Expressways Ltd. Aishu Projects Ltd.	Sagar Power Ltd. Panchavati Polyfibres Ltd. Golkonda Hospitality Services and Resorts Ltd. Sagar Priya Housing and Industrial Enterprises Ltd
Membership of Audit/ Shareholders/ Investors Grievances Committees of other Public Limited Companies	Transport Corporation of India Limited. KCP Limited. Bhagyanagar India Limited Surana Ventures Limited	LVS Energy (P) Ltd.	Sagar Power Ltd.
No. of shares held in Sagar Cements Ltd.	Nil	Nil	16,43,795
Inter-se relationship with other Directors of the Company	None	None	Related to Dr. S. Anand Reddy, Joint Managing Director and Shri S. Sreekanth Reddy Executive Director

By Order of the Board

R.Soundarajan
Company Secretary

12th July 2011
Registered Office:
8-2-472/B/2, Road No.1
Banjara Hills,
Hyderabad – 500 034, A.P.



DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present their Thirtieth Report together with the audited accounts of the Company for the year ended 31st March, 2011

As you are aware, your Company saw in the year 2010-11 one of the major developments in its history, namely, the merger of Amareswari Cements Limited (ACL) with it. This merger, which is the logical outcome of the relationship that was existing between these two companies for well over a decade, is expected to result in a lot of synergy in the operations of your company and place your company in a stronger footing as far as the availability of lime stone and other incidental matters are concerned.

Financial Results

The financial results achieved by your company for the year 2010-11 are given below. As these results include the operations of erstwhile Amareswari Cements Limited, they are not strictly comparable with the financial results relating to the previous year.

Rs. In lakhs

Description	2010-11	2009-10
Net Sales	47685	47957
Other Income	1930	679
Total Income	49615	48636
Profit before Depreciation, Financial Charges and Tax	8139	8646
Less: Depreciation	2760	2769
Financial Charges	3114	5874
Profit before Tax	2265	2982
Less: Net Provision for Tax	524	1070
Profit After Tax	1741	1912
Add: Profit brought forward	7115	6127
Profit available for appropriation	8856	8039
Appropriations proposed		
Dividend @ 20% (Rs. 2.00 per Equity Share)	348	375
Dividend Tax	45	49
Transfer to General Reserves	174	500
Carried to Balance Sheet	8289	7115
Total	8856	8039
Basic Earning Per Share	11.61	12.75
Diluted Earning Per Share	10.01	12.75

Dividend

Your Board has recommended for declaration at the forthcoming Annual General Meeting, a dividend @ Rs.2 per share (20%) on the Equity Shares for the year ended 31st March, 2011.



Operations review

While there was a marginal increase of 2% in the total income of your company as compared to the previous year, Operating Profit and PAT were however marginally lower as compared to the previous year.

The performance of your company in terms of quantity of production and sale is given below:

Description	2010-11	2009-10
Production (in MT)		
Clinker	1510135	1430000
Cement	1490662	1120350
Sales (MT)		
Clinker	30840	350133
Cement	1469172	1127739
Cement - Second sales	0	204191
Self consumption	877	2897
Total Cement Sales	1470049	1334827

Andhra Pradesh, which is a major market for your Company saw a lull in the construction and infrastructure industries in 2010-11 causing a fall in the demand for cement. Despite this, your company, marginally improved its market shares in the said State. There was also a respite in the form of a marginal improvement on the price front in the form of better sales realisation, mainly due to the efforts initiated in the recent past to improve upon its brand image among the intermediaries and end users and to extend its reach further. These factors saw your company avoiding any significant fall in its revenue and profitability.

Share Capital

Pursuant to the Scheme of Arrangement for the merger of ACL with your Company, your Board of Directors, at their meeting held on 12th July 2011, have allotted 32,85,714 Equity Shares to the shareholders of ACL. 900000 equity shares of your Company held by ACL as its investments have been cancelled pursuant to the said Scheme. Reflecting these developments, the equity share capital of your company now stands at Rs.17,38,80,140 divided into 1,73,88,014 Equity Shares of Rs.10/- each.

Future Outlook

Fresh investments in infrastructure projects have slowed down in the recent times. The projects already announced are also not implemented with the speed with which they were initiated. Nor is there any sign of revival in the construction activities. In such a scenario, we do not foresee any significant increase in demand for cement in the next couple of years atleast. This, along with increasing inputs costs, will continue to put the margins under pressure. However, in the longer term, growth of the cement industry is expected to turn robust, as infrastructure development is vital for the development of any country and cannot therefore be allowed to be ignored for a long in a welfare State like that of ours. We therefore remain cautiously optimistic of maintaining our growth amidst aggressive competition by improving our market share through innovative strategies and by cutting costs and improving efficiency in all areas of our operations.

Subsidiary Company

In our previous report we had conveyed your company's proposal to divest its holdings in Sagar Power Limited, with a



view to enabling your company to focus more on its core area namely cement business. The entire stake held by your company in Sagar Power having since been divested, the latter ceased to be a subsidiary of your Company.

Vicat Sagar Cement

As you are aware, your Company and Parficim S.A.S., a wholly owned subsidiary of Vicat S.A. of France have jointly promoted Vicat Sagar Cement Private Limited as a special purpose vehicle, to set up a 5.5 mtpa capacity cement plant along with a captive power unit of 60MW capacity in Gulbarga District of Karnataka State. Sagar Cements and the Vicat Group have so far invested a sum of Rs.860 million and Rs. 4140 million respectively in the project. This project is implemented in two phases, each phase with a capacity of 2.75 mtpa. The major part of the acquisition of land in respect of first phase having since been completed, the civil works in respect of the project is in progress. Financial closure has already been achieved for this phase through tie-up with International Lending Institutions. This phase, barring unforeseen circumstances, is expected to go on stream by the middle of 2012.

Corporate Governance

Your Company has complied with the mandatory provisions relating to Corporate Governance as prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report detailing such compliance together with the Certificate obtained from the Statutory Auditors in connection therewith is included as part of the Annual Report.

Internal Control Systems

Your Company has adequate internal control systems in all important areas of its operations and effectiveness of these systems is periodically reviewed for possible improvement in them.

Insurance

All the properties of the Company have been adequately insured.

Particulars of Employees

Particulars of employees required to be furnished in this Report pursuant to Sec.217 (2A) of the Companies Act, 1956 are given in the annexure.

Industrial Relations

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

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

The particulars required under Sec.217 (1) (e) of the Companies Act, 1956 have been provided in the annexure, which forms part of the Report.

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 an ESP system at the plant.

Directors

The IDBI, has appointed Shri G. Suneel Babu as its nominee director in the place of its earlier nominee director Shri V.V.S.Ravindra. Your Board placed on record its appreciation of the guidance and co-operation received by it from Shri Ravindra during his tenure as the nominee director. In compliance with Sec.256 of the Companies Act, 1956, Shri O.Swaminatha Reddy and Shri K.Thanu Pillai retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.



Audit Committee

The Audit Committee of the Board, constituted pursuant to Sec.292 (A) of the Companies Act, 1956 read with Clause 49 of the Listing Agreement, currently consists of the following directors as its members:

Shri O.Swaminatha Reddy	Chairman
Shri K.Thanu Pillai	Member
Shri G. Suneel Babu	Member
Shri P.Rajewara Rao	Member

Shri R.Soundararajan, Company Secretary is the Secretary to the Committee. The Committee had met five times during the year ended 31st March 2011 and, inter-alia, reviewed the financial results of the Company for the respective quarters.

Remuneration Committee

The Remuneration Committee of the Board, constituted pursuant to Schedule XIII to the Companies Act 1956 read with Clause 49 of the Listing Agreement has the following Directors as its members:

Shri K.Thanu Pillai	Chairman
Shri O.Swaminatha Reddy	Member
Shri P.Rajeswara Rao	Member

During the year 2010-11 this committee did not hold any meeting as there was no occasion for the same. However, a meeting of the committee was later held on 17th May 2011 to recommend a suitable remuneration to the Managing Director on his proposed re-appointment and to review the remuneration paid to other whole time directors of the Company. The Committee's recommendations, which have since been accepted by the Board of Directors, are placed before the shareholders for their approval under the relevant provisions of the Companies Act, 1956.

Investment Committee

With a view to evaluating investment opportunities available to the Company from time to time, your 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

Auditors

Messrs. P.Srinivasan & Co., Chartered Accountants, the present Auditors of your Company will be holding their office up to the ensuing Annual General Meeting. Shareholders are requested to appoint Auditors to the Company to hold office from the conclusion of its ensuing Annual General Meeting until the conclusion of its next Annual General Meeting. Your Board has accepted the recommendation of its Audit Committee to re-appoint the retiring auditors, who, being eligible for re-appointment, have since consented to the proposed re-appointment and confirmed that the said re-appointment, if approved by the shareholders, would be within the limits specified in Sub Section (1B) of Section 224 of the Companies Act, 1956.



Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, we state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material developments;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgment and estimates that were 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 the period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

Public Deposits

Your Company had not accepted any Deposits from the public under Section 58A of the Companies Act, 1956 during the year 2010-11.

Compliance Certificate

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report along with a report on Corporate Governance.

Listing

As stipulated under Clause 32 of the Listing Agreement, the names and addresses of Stock Exchanges on which the Company's equity shares have been listed are given below:

1. National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra East, Mumbai – 400051
2. Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001

Management Discussion and Analysis Report

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis Report is given in the Annexure, to form part of the Annual Report.

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 the 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
12th July 2011

O.Swaminatha Reddy
Chairman



Annexure 1

Management Discussion and Analysis

Global Scenario

Irrespective of the political system adopted by individual countries for their development, the need for housing and continued thrust on the investments in infrastructure development are expected to drive the global demand for cement in the next two decades at least.

National Scenario

As one of the basic infrastructure industries, cement industry continues to contribute in a significant way to the Indian economy in terms of employment generation, tax revenues, and industrial growth.

The per capita consumption of cement being an important indicator of the country's economic development, it is used in almost every sector of the economy for strategic planning. This industry, which is the second largest in the world, produces several varieties of cement such as Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Blast Furnace Slag Cement (PBFS), Oil Well Cement, Rapid Hardening Portland Cement, Sulphate Resisting Portland Cement, White Cement, etc., aided by a strong capacity base contributed by more than 140 large and 365 mini plants.

The robust growth recently witnessed in the cement industry was expected to continue over the medium term, given the expected revival in the housing markets, continued Government spending on the rural sector, and the gradual increase in the number of infrastructure projects being executed by the private sector. This, coupled with the investment norms including the investor-friendly guidelines for foreign direct investment (FDI) into the cement industry, was also expected to continue to attract more multinational cement majors apart from luring global private equity firms and fund managers towards this industry. However, belying all the above expectations, the industry suffered a setback in the year 2010-11 in the form of subdued market conditions, increasing input costs, and the inability of cement prices to keep pace with the rising costs leading to reduction in margins.

Sagar Cements – Financial Highlights

Year	2010-11	2009-10
Total Income (in lakhs)	49615	48636
Profit before Interest, Depreciation & Tax	8139	8646
Profit before Tax	2265	2982
Profit after Tax	1741	1912
EPS – Basic (Rs.)	11.61	12.75
EPS – Diluted (Rs.)	10.01	12.75

The Company could not register any significant increase in its sales during the year due to poor demand for cement in Andhra Pradesh, where more than 75% of your Company's sales are accounted for. Though Sagar Cements did manage to marginally increase its shares in the A.P. Market, it could not ensure the price realization to the level that would have taken care of decrease in sales in terms of volume. This was largely due to excess supply emanating from the cement plants in the State that had expanded their capacities in recent times. These factors had an adverse impact on all the financial parameters of the Company. Though there was a marginal increase in the total income, the same was mainly due to incentives received and amount realized on the divestments of the stake held by the Company in its erstwhile subsidiary.



Performance in production, sales and other areas

While the year 2009-10 saw Sagar Cements stabilizing its production process from the capacity expanded in the later part of its previous year, the year 2010-11 saw the Company not being able to take advantage of the expected capacity to the fullest extent due to lower demand for cement, forcing the Company to curtail its production.

Description	2010-11	2009-10
Production (in MT)		
Clinker	1510135	1430000
Cement	1490662	1120350
Sales (MT)		
Clinker	30840	350133
Cement	1469172	1127739
Cement - Second sales	0	204191
Self consumption	877	2897
Total Cement Sales	1470049	1334827

In the year 2008-09, Sagar Cements entered into a Joint Venture with Vicat S.A. a cement major and the flagship company of the globally known Vicat Group of France, to set up a green field cement plant of 5.5 million tonne capacity with a captive power plant of 60 MW capacity at Chatrasala Village of Chincholi Taluk in Gulbarga District of Karnataka State. A separate entity under the name 'Vicat Sagar Cement Private Limited' (VSCPL) has been formed for the purpose. This project is implemented in two phases, each phase with a capacity of 2.75 mtpa. To enable the speedy implementation of the captive power plant stated above, the VSCPL and Parficim SAS, a wholly owned subsidiary of Vicat SA have jointly formed an entity, "Gulbarga Power Private Limited" and the said project is also simultaneously progressing along with the cement project.

The major part of the acquisition of land in respect of first phase of the above said cement plant having since been completed, the civil works in respect of the project is in progress. This phase, for which financial closure has already been achieved, is being planned, barring unforeseen circumstances, to go on stream by the middle of 2012. Sagar Cements and the Vicat Group have so far invested a sum of Rs.860 million and Rs.4140 million respectively in this project.

Opportunities and threats

Main drivers for the growth in demand for cement being road and housing projects, the increased spending by the Government in these areas and the revival of the real estate sector would ensure no let up in the demand for cement, notwithstanding the substantial additions to capacity witnessed in the industry. This augurs well for Sagar Cements, which, with its expanded capacity, is well placed to grab the opportunities available in the above scenario.

However, rising costs of coal, power and fuel and transportation remain a cause of worry. While there are no problems with respect to the availability of limestone to meet the expanded capacity, thanks to the merger of Amareswari Cements, which enjoys high quality of lime stone reserves in huge quantity, concerns however do exist with regard to non-availability of adequate quantity of coal — a major input — forcing the Company to take recourse to imported coal at a higher cost.

Logistics is another area of concern for the Company. Distribution cost being a significant component of the cost structure, Sagar Cement is working towards strengthening its distribution network to bring it down. As part of this strategy, the company will be exploring ways to increase its bulk sales. A proposal to provide a railways siding near the



Company's plant is under implementation, the completion of which will go a long way in reducing the transportation cost.

The Indian cement industry with its huge potential continues to attract the entry of more 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 further improving its brand image, spending more on advertising, strengthening its distribution networks as well as by customer-focused initiatives

Outlook

The growth traction in the cement industry is strongly related to the overall economic strength of the country. The massive budget outlay earmarked by the Central and State Governments for infrastructure development is expected to absorb increasing cement capacities. Sagar Cements is operationally strong and poised to benefit from such a demand positive situation and will continue to focus on maintaining good plant performance and optimizing efficiencies. Sagar will be focusing on penetration into more districts of A.P., to increase its market share in the said State and continue to explore new markets especially in North Eastern States where there is a huge deficit in the supply of cement, and with this strategy, Sagar Cement is confident of achieving a higher capacity utilization.

Risk Management

External risks and concerns:

High transportation and energy cost.

More than 50 % of the inputs are controlled by the Government leaving little scope for the industry to have control over them.

Non-availability of quality coal in sufficient quantity.

Newer entrants to the industry and consequent capacity addition.

Global economic slowdown.

Internal risks

The Company attaches utmost importance to the assessment of internal risks and the management thereof in all its dealings. Company is constantly on the look out for identifying opportunities to enhance the 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, the Company carries an aggressive advertisement campaign in the visual media to reach a wider section of its ultimate consumers and the feed back received is quite encouraging. As the cement industry is witnessing rapid additions to its capacity, in order to mitigate the risk associated with it, Sagar Cements is also looking for growth opportunities in other Asian and African countries 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, internal audit, which is periodically carried out through an external audit firm, proper appraisal of major capital expenditure, adherence to the budget 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 is fully satisfied with the adequacy of the internal control system in force in all major areas of operations of the Company, which has an ERP to further strengthen the system. The effectiveness of the System is reviewed periodically for its further improvement.



Material developments in Human Resources / Industrial Relations, including number of employees:

As the Company considers Man Power as one of its most important assets, developing functional competencies of its human resources continues to be one of its key focus areas. Accordingly, need based training in relevant areas is arranged at different levels and senior managers are also encouraged to attend seminars and conferences of the professional bodies as part of updating their skills. The Company continues to enjoy excellent industrial relations. As of date, the Company has 416 employees on its rolls.

Cautionary Statement

The views and statements expressed or implied in this Management Discussions and Analysis are based on available information, assessments and judgments. They are subject to alteration. The Company's actual performance may differ due to national or international ramification, Governmental Regulations and policies, tax laws and other unforeseen factors over which the Company has no control.

Annexure 2

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956

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	75 years	47 years	39 years
Remuneration received (Rs.)	6780751	5736518	4650211
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)	51	20	15
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 –3

(Forming part of the Directors' Report)

FORM A

[Pursuant to Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988]

Form of disclosure of particulars with respect to conservation of energy

A. Power & Fuel Consumption

Particulars	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010	
1. Electricity			
a) Purchased Units	1470.08 lakhs	1333.75 lakhs	
Total Amount	5461.58 lakhs	4514.05 lakhs	
Rate / Unit (Rs.)	3.72	3.38	
b) Own Generation (Units)	0.11 lakhs	1.36 lakhs	
Unit / Ltr. Of Diesel Oil	0.29 units	3.40 units	
Rate / Unit (Rs.)	18.95 per unit	10.12 per unit	
2. Coal (C & D Grade used as fuel in Kiln)			
Quantity	302438 MT	312046 MT	
Total Cost (Rs.)	10358 lakhs	9313 lakhs	
Average Rate (Rs.)	3424.97	2984.50	
B. Consumption per unit of production			
Particulars	Standard	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
Products - OPC	-	1277720	1120351
Electricity (in KWH)	140	95.06	100.09
Coal (MT) (For Clinker)	0.28	0.200	0.218

FORM B

[See Rule 2]

[Pursuant to Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988]

Form for disclosure of particulars with respect to Technology Absorption, Research and Development

1. Research and Development

Collaborates with the National Council for Cement and Building Materials for R & D activities.

2. Technology absorption, adaptation and innovation:

The company is operating at optimum capacity, employing the vertical roller mill technology and IKN pendulum cooler. FLSmidth Automation's QCX / Robolab system has been installed at the plant and Sagar Cements is one of the first few Indian companies to have implemented this system. This ensures the best quality in lab operations to facilitate high product quality and would optimize overall plant operation.

Foreign Exchange Earnings and Outgo:

Earnings	:	Nil
Outgo	:	Rs.20.42 lakhs



Report on Corporate Governance

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 relations with all its stakeholders.

2. Board of Directors:

Composition:

The Board of Directors has an optimum combination of Executive and Non-Executive Directors and its composition is in conformity with Clause 49 of the Listing Agreement. All the Directors have made the requisite disclosures regarding directorships and Committee positions held by them in other Companies.

Following was the composition of the Board as on 31st March 2011:

Sl No.	Name of the Director	Category of Directorship
1	Shri O.Swaminatha Reddy, Chairman	Independent & Non-Executive
2	Shri S.Veera Reddy, Managing Director	Non-Independent & Executive
3	Dr.S.Anand Reddy, Joint Managing Director	Non-Independent & Executive
4	Shri S.Sreekanth Reddy, Executive Director	Non-Independent & Executive
5	Shri K.Thanu Pillai	Independent & Non-Executive
6	Shri Gilbert Noel Claude Natta	Non-Independent & Non-Executive
7	Shri Werner C.R.Poot	Non-Independent & Non-Executive
8	Shri V.V.S.Ravindra, (IDBI Nominee)	Independent & Non-Executive
9	Shri P.Rajeswara Rao, (APIDC Nominee)	Non-Independent & Non-Executive

Meetings held:

Seven Board Meetings were held during the financial year 2010-11 and the gap between any two consecutive Board Meetings did not exceed four months. These Meetings were held on the following dates: 18.05.2010, 31.07.2010, 07.08.2010, 20.09.2010, 22.10.2010, 13.12.2010 and 02.02.2011.

Board Procedure:

Board Meetings are convened taking into consideration the business requirements, statutory and regulatory compliance. The Agenda, backed by adequate background information, is made available in advance to all the members of the Board, to enable them to take informed decisions on the matters covered in the agenda for the respective meetings.

Code of Conduct:

The Company has adopted a Code of Conduct for all its Directors and Senior Executives and the same is available on the Company's website, www.sagarcements.in.



Attendance of Directors and their other directorships:

Attendance of directors at the Board Meetings held during the financial year 2010-11 and at the last Annual General Meeting as also the number of their directorships and Committee Memberships as on 31st March 2011 are given below:

Sl. No	Name of the Director	No of Board Meetings attended	Whether attended the Last AGM	No. of Membership of the Boards of Public Companies		No. of membership of Audit and the Shareholders Grievances Committees of Public Limited Companies	
				As Chairman	As Member	As Chairman	As Member
1	Shri O.Swaminatha Reddy	7	Yes	3	5	5	
2	Shri S.Veera Reddy	5	Yes		6	1	
3	Dr. S.Anand Reddy	6	Yes		5		2
4	Shri S.Sreekanth Reddy	7	Yes	1	6		
5	Shri K.Thanu Pillai	7	Yes		10		3
6	Shri Werner C.R.Poot	4	Yes		1		
7	Shri V.V.S.Ravindra	7	Yes		1		1
8	Shri P.Rajeswara Rao	7	Yes		4	1	2
9	Shri Gilbert Noel Claude Natta	2	NA		2		

Note: Only Public Limited Companies, their Audit Committees and Investors' Grievance Committees have been considered for the above purpose.

Shareholding of Non-Executive Directors:

As on 31st March 2011, none of the Non-Executive Directors was holding any shares in the Company in his personal capacity.

3. Audit Committee:

Composition as on 31st March, 2011:

Name of the Director	Status in the Committee
Shri O.Swaminatha Reddy	Chairman
Shri K.Thanu Pillai	Member
Shri V.V.S.Ravindra	Member
Shri P.Rajeswara Rao	Member



Shri O.Swaminatha Reddy, a Chartered Accountant, is a Financial Consultant. Shri K.Thanu Pillai, M.B.A.,CAIIB, has retired from State Bank of Hyderabad as its Managing Director. Shri V.V.S.Ravindra and Shri P.Rajeswara Rao, are the nominee directors of IDBI and APIDC respectively. The composition of the Committee is in conformity with Clause 49(ii) (A) of the Listing Agreement. The Chairman of the Committee was present at the last Annual General Meeting.

Terms of reference:

Terms of reference of the Audit Committee include all the items listed in Clause 49(ii) (D) of the Listing Agreement.

Meetings held:

The Audit Committee, which had met five times during 2010-11, held its meetings on 18.05.2010, 31.07.2010, 07.08.2010, 22.10.2010 and 02.02.2011 in the said period.

Attendance at the meetings of the Audit Committee:

Name of the Director	No. of meetings attended
Shri O.Swaminatha Reddy	5
Shri K. Thanu Pillai	5
Shri V.V.S.Ravindra	5
Shri P.Rajeswara Rao	5

4. Remuneration Committee:

Pursuant to Schedule XIII to the Companies Act, 1956 read with Clause 49 of the Listing Agreement, the Board has constituted a Remuneration Committee with the terms of reference as mentioned in the said Clause.

Composition of the Committee:

Name of the Director	Status
Shri K.Thanu Pillai	Chairman
Shri O.Swaminatha Reddy	Member
Shri P.Rajewara Rao	Member

During the year 2010-11 there was no occasion for the Committee to hold its meeting. It met later on 17th May 2011 to recommend a suitable remuneration to the Managing Director on his proposed re-appointment and to review the remuneration being paid to other whole time directors of the Company. The Committee's recommendations, which have been accepted by the Board of Directors, are placed before the shareholders for their approval under the relevant provisions of the Companies Act, 1956. The Chairman of the Committee attended the last Annual General Meeting.

Remuneration policy:

Remuneration to Non-Executive Directors:

Non-Executive Directors are not in receipt of any remuneration other than the sitting fee of Rs.10,000/- 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 2010-11 are given below:

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1	Shri O.Swaminatha Reddy	120000
2	Shri K.Thanu Pillai	120000
3	Shri P.Rajeswara Rao (APIDC Nominee)	100000
4	Sri Gilbert Noel Claude Natta	20000
5	Shri V.V.S.Ravindra (IDBI Nominee)	100000
6	Shri Werner C.R.Poot	40000
	Total	500000

Remuneration to the Executive Directors (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 approval accorded by the shareholders under the applicable provisions of the Companies Act, 1956.

Details of remuneration paid / payable to the Executive (Whole-time) Directors for the financial year 2010-11:

Name of the Director	Category	Salary & Perquisites	Commission	Total
Shri S.Veera Reddy	Managing Director	67,80,751	0	67,80,751
Dr.S.Anand Reddy	Whole-time Director	57,36,518	0	57,36,518
Shri S.Sreekanth Reddy	Whole-time Director	46,50,211	0	46,50,211
Total		1,71,67,480	0	1,71,67,480

5. Shareholders' / Investors' Grievances Committee:

The Investors Grievances Committee of the Board, constituted in accordance with Clause 49 of the Listing Agreement, has the following directors as its members:

Shri P.Rajeswara Rao	Chairman
Dr.S.Anand Reddy	Member

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 31 complaints from the investors during the year 2010-11 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, 2011. 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 Grievances Committee was not felt during the year 2010-11.



6. Investment Committee:

With a view to evaluating investment opportunities available to the Company from time to time, the Board has constituted an Investment Committee, which has the following directors as its members:

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

7. General Body Meetings:

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
29 th AGM	20 th September, 2010	4.00 p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
28 th AGM	17 th September 2009	3.30 p.m.	
27 th AGM	24 th September 2008	4.00 p.m.	

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

No Special Resolutions were passed at the 29th and 28th Annual General Meeting.

At the 27th AGM held on 24th September, 2008, one Special Resolution for re-appointment of Shri S.Sreekanth Reddy as a Executive (Whole-time) Director and two Special Resolutions for enhancement in the remuneration payable to Shri S.Veera Reddy, Managing Director and Dr.S.Anand Reddy, Joint Managing Director, were passed.

Details of Special Resolutions passed at the previous AGM through Postal Ballot:

No Resolution was passed through Postal Ballot at the last (29th) Annual General Meeting.

8. Disclosures

i. Related Party Transactions:

Full disclosures of related party transactions as per the Accounting Standard 18 issued by the ICAI are given under note No.8 of Schedule 22 to the Annual Accounts. Most of these transactions were entered into with Sagar Power Ltd., (for purchase of power), Panchavati Polyfibres Ltd., (for purchase of packing bags) and Vicat Sagar Cement Pvt.Ltd., (towards investment). These transactions, intended to further the interest of the Company, were entered into after due negotiation inter-alia, based on business expediency, company's own interest and legal/regulatory requirements.

The Company, in the process of divestment of its stake in its erstwhile subsidiary, Sagar Power Limited, sold a portion of the said stake to the promoter-directors and their relatives at a fair price as determined by Deloitte Touche Tohmatsu, an independent valuer. There were no other materially significant transactions with Directors, their relatives or the Management that may have potential conflict with the interests of the



Company at large. The Register of Contracts maintained under Sec.301 of the Companies Act, 1956, containing transactions in which Directors are deemed to be interested, is placed before each meeting of the Board. All related party transactions are also reviewed by the Audit Committee of the Board.

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) **Compliance with Mandatory requirements and adoption of Non-Mandatory requirements:**

The Company has implemented the mandatory requirements of Clause 49 of the Listing Agreement.

Regarding non-mandatory requirements, the Company has constituted a Remuneration Committee pursuant to Clause 49 of the Listing Agreement read with Schedule XIII to the Companies Act, 1956, to recommend a suitable remuneration payable to the Board members. Other non-mandatory requirements will be taken up for implementation in due course.

9. **Means of Communication:**

Quarterly results:

As part of compliance with Clause 41 of the Listing Agreement, the Company furnishes its quarterly financial results to the Stock Exchanges where its shares have been listed, followed by publication in the newspaper in accordance with the said Clause.

Newspapers in which the results were published:

Details of newspapers in which quarterly results relating to the Financial Year 2010-11 were published are given below:

Quarter ended	Date of Publication	Name of the news papers carrying the publication
30 th June, 2010	08.08.2010	Financial Express and Andhra Prabha
30 th September, 2010	23.10.2010	"
31 st December, 2010	03.02.2011	"
31 st March, 2011	19.05.2011	"

Website where displayed:

The Financial Results and Shareholding pattern of the Company are available on the website of NSE and BSE as part of corporate filing made by the Company with the said Exchanges.

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 2010-11. 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.

Management Discussion and Analysis Report:

The Annual Report of the Company contains the Management Discussion and Analysis.



10. General Shareholder information:

a. Annual General Meeting:

Date & Time : 3.3.0 p.m on Thursday, the 22nd September, 2011

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

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

c. Book Closure Dates : From 15.09.2011 to 22.09.2011 (both days inclusive)

d. Dividend payment date:

Board of Directors have recommended a dividend @ Rs.2/- (20%) per share on the equity shares of the Company for the year 2010-11 and the same will be paid to the shareholders within 30 days of its declaration at the ensuing Annual General Meeting..

e. Listing on Stock Exchanges:

Company's shares have been listed on the National Stock Exchange of India Ltd. (NSE), and Bombay Stock Exchange Ltd. (BSE) There are no dues against listing fee payable to these Exchanges.

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

ISIN Code and Codes for the Company's shares on the above said Exchanges are as below:

Name of the Stock Exchange	Scrip Code
National Stock Exchange	SAGCEM
Bombay Stock Exchange	502090
ISIN	INE229C01013

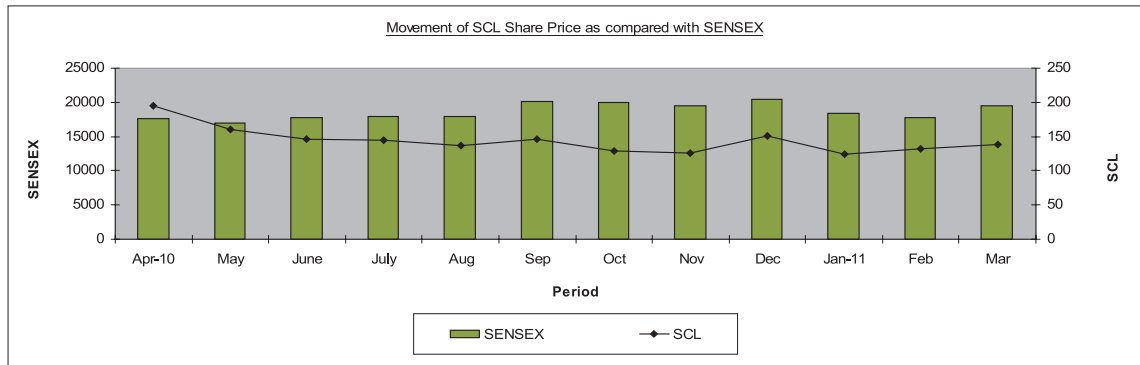
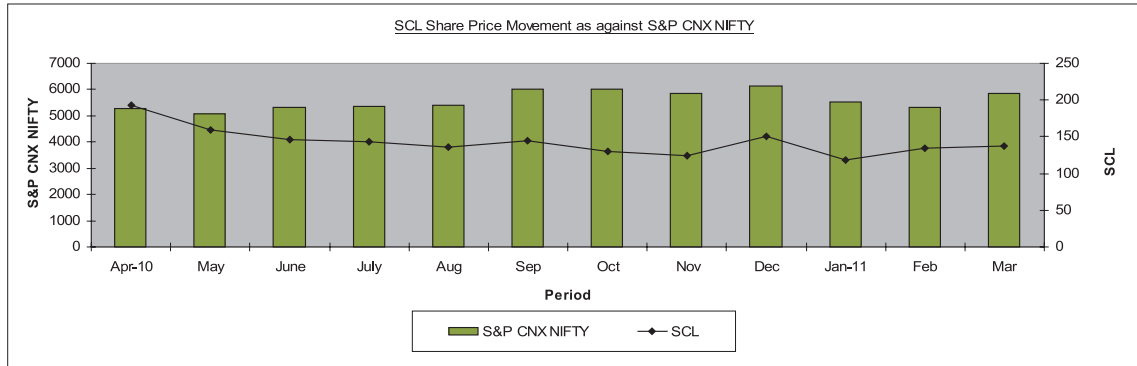
e. Market price details:

High and Low prices for the Company's shares during the Financial Year 2010-11 as traded on the Bombay Stock Exchange Limited and National Stock Exchange of India are given below:

Month	Bombay Stock Exchange			National Stock Exchange		
	High	Low	Close	High	Low	Close
April 2010	214.00	177.50	194.50	213.90	176.40	193.15
May 2010	194.40	158.00	159.65	197.95	158.15	159.80
June 2010	161.95	145.00	145.65	164.90	140.75	145.70
July 2010	159.00	141.00	145.40	152.45	133.60	143.15
August 2010	162.80	136.00	136.20	164.80	116.85	135.80
September 2010	170.00	137.70	145.60	172.40	137.10	144.85
October 2010	149.50	129.00	129.65	149.75	122.60	129.40
November 2010	143.95	123.05	125.20	145.40	121.00	125.00
December 2010	153.00	113.00	150.85	153.00	115.00	150.80
January 2011	157.00	118.70	124.25	150.00	115.60	119.00
February 2011	137.65	115.00	132.00	139.00	115.00	134.80
March 2011	159.00	131.10	138.50	160.20	130.00	138.05



- h. Sagar Cements Shares' Price movements during the year 2010-11 as compared with SENSEX and NIFTY are depicted below



i. **Registrar and Share Transfer Agents:**

Karvy Computershare (P) Limited
 Plot No.17-24, Vittalrao Nagar
 Madhapur, Hyderabad – 500081
 Tel:91 40 23420815-22
 Fax: 91 40 23420814
 Email: jayaramanvk@karvy.com
 mailmanager@karvy.com Website: karvycomputershare.com

j. **Share Transfer System:**

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.



Distribution of shareholding as on 31st March 2011:

Category	Shares	% to the Total Shares	No. of holders	% to the total number of holders
50 and less	52834	0	1863	20.58
51 to 100	510772	3	5188	57.33
101 to 200	154516	1	838	9.26
201 to 300	80122	1	283	3.13
301 to 500	175290	1	386	4.27
501 to 1000	213613	1	259	2.86
1001 to 5000	382274	3	179	1.98
5001 to 10000	139029	1	18	0.20
10001 to 20000	144342	1	10	0.11
20001 to 50000	137533	1	5	0.06
50001 to 100000	195444	1	3	0.03
More than 100000	12816531	85	17	0.19
Total	15002300	100	9049	100.00

Shareholding pattern as on 31st March 2011

Description	Holders	Shares held	%	Shares held in demat
Promoter Group - Individuals	9	5380110	35.862	5380110
Promoter Group - Corporates	3	1244785	8.297	313285
Mutual Funds	8	1170837	7.804	1169237
FIs and Banks	5	4150	0.028	0
Foreign Company	1	1000000	6.666	0
Domestic Companies	200	4441801	29.607	4432525
Public - Individuals	8687	1699472	11.328	1127525
NRIs	47	22548	0.150	22348
HUFs	79	37694	0.251	37694
Clearing Members	10	903	0.006	903
Total	9049	15002300	100.000	12483627



l) 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 NSDL and CDSL for the purpose. The ISIN number for the company's shares is – INE229C01013. Shares representing 83% of the share capital were kept in dematerialized form as on 31st March, 2011 as detailed below:

In physical form		In Demat Form				Total	
		With NSDL		With CDSL			
Shares	%	Shares	%	Shares	%	Shares	%
2518673	16.79	11228794	74.85	1254833	8.36	15002300	100

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

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

n. Plant Location:

1. Mattampally
Via: Huzurnagar
Nalgonda District
Andhra Pradesh – 508204
2. Pedaveedu Village
Via: Huzurnagar
Nalgonda District
Andhra Pradesh – 508204

o. Address for investors related correspondence:

Company Secretary
Sagar Cements Limited
Registered Office:
8-2-472/B/2, Road No.1, Banjara Hills
Hyderabad – 500034
Tel. 040 – 23351571
Fax: 040 – 23356573
Email: soundar@sagarcements.in



DECLARATION

I, S.Veera Reddy, Managing Director of Sagar Cements Limited, hereby declare that all the members of its Board of Directors and its senior management personnel have affirmed their compliance with the Code of Conduct for the year ended 31st March, 2011.

Hyderabad
Dated: 12th July 2011

S.Veera Reddy
Managing Director



CERTIFICATE

To

The Members
Sagar Cements Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Sagar Cements Limited, for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of the information and according to the explanation given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Investors Grievance Committee.

We further 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 P.Srinivasan & Co.,
Chartered Accountants

Hyderabad
12th July, 2011

K.Ranganathan
Partner
M.No.10842



AUDITORS' REPORT

To
The Members
Sagar Cements Limited
Hyderabad

We have audited the attached Balance Sheet of Sagar Cements Limited as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conduct our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For P.Srinivasan & Co.,
Chartered Accountants

Hyderabad
12th July, 2011

K.Ranganathan
Partner
M.No.10842



ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of our Report

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
3. As per information and explanation given by the management during the year, the company has not disposed off a substantial part of its fixed assets and going concern assumption of the company is not affected.
4. As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
5. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
6. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
7. According to the information and explanations given to us, the company has not granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
8. As the company has not granted or taken loans to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the clause relating to rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, which are prima facie prejudicial to the interest of the company is not applicable to the company.
9. As the company has not taken loans from / granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the clause relating to the regular payment of principal amount and interest is not applicable to the company.
10. As the company has not taken loans from or granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the clause relating to steps taken for recovery / payment of the principal and interest on overdue amount of more than one lakh, is not applicable to the company.
11. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
12.
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
13. The company has not accepted deposits from the public during the year.



14. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
15. In our opinion and according to the information and explanations given to us, the company has made and maintained accounts and records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956. However, we have not carried out any detailed examination of such records.
16. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth-Tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it.
17. According to the information and explanations given to us, the details of dues on sales tax, excise duty and others which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Sl No.	Name of the Statute (Nature of dues)	Amount Rs.	Amount Deposited under protest Rs.	Period to which the amount Relates	Forum where the dispute is pending
1.	A.P. TRANSCO	1,73,50,747	1,08,02,441	1999-00	Voltage Surcharge & grid supporting charges. Filed an appeal with Division Bench, High Court of A.P.
2.	Sale Tax Authorities	1,09,40,297	27,35,074	2009-10	Tax on sale of Fixed Assets, Contested before the State Appellate Tribunal.
		19,60,832	4,90,208	1999-00	Interest on delayed payment. Filed an Appeal before the Appellate Tribunal
3.	Income Tax Authorities	74,98,000	-	2006-07	Disallowances of certain expenditure, contested before the Commissioner (Appeals)
		11,42,000	-	2008-09	
4.	Central Excise Authorities	2,24,95,200	1,95,00,000	2008-09	Denying the benefit of Cenvat credit on capital good, Filed an Appeal with CESTAT, Bangalore

18. The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
19. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
20. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



21. The company is not a chit fund or nidhi or mutual fund / society and hence the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
22. The company is not dealing in or trading in shares, securities, debentures and other investments and hence the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
23. As the company has not given any guarantee for loans taken by others from banks or financial institutions, the provisions of Clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
24. In our opinion, the term loans taken by the company have been applied for the purpose for which they were raised.
25. According to the information and explanations given to us and on an over all examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used for short term assets.
26. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
27. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
28. During the year, the company has not raised monies by public issue.
29. According to the information and explanations given to us and the books and records examined by us, no fraud on or by the company has been noticed or reported during the year.

For P.Srinivasan & Co.,
Chartered Accountants

Hyderabad
12th July, 2011

K.Ranganathan
Partner
M.No.10842

BALANCE SHEET



SAGAR CEMENTS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

In Rs.

Particulars	Schedules	As on 31-03-11	As on 31-03-10
Sources of Funds			
Shareholder's Funds			
Share Capital	1	150023000	150023000
Equity Share Capital Suspense		23857140	0
Reserves and Surplus	2	2042593851	1920967576
		2216473991	2070990576
Loan Funds			
Secured Loans	3	2370553754	2218235259
Unsecured loans	4	150284990	0
Creditors for Capital Goods		35657361	55651746
		2556496105	2273887005
Deferred Income Tax Liability		359773180	303588877
Total		5132743276	4648466458
Application of Funds			
Fixed Assets			
Gross Block	5	4683807450	4480731083
Less : Depreciation		1219761681	905373153
Net Block		3464045769	3575357930
Capital Work-in Progress		61148860	101253319
Investments	6	860265006	408867550
Current Assets, Loans and Advances			
Inventories	7	575389517	488614772
Sundry Debtors	8	459421532	411879456
Cash and Bank Balances	9	28591346	26731560
Loans and Advances	10	666732050	439647483
		1730134445	1366873271
Less: Current Liabilities and Provisions			
Liabilities	11	889058318	709310544
Provisions	12	93792486	94575068
		982850804	803885612
Net Current Assets		747283641	562987659
Total		5132743276	4648466458

As per our report of even date attached
For and on behalf of

For and on behalf of the Board

P.Srinivasan & Co.,
Chartered Accountants

S.Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

K. Ranganathan
Partner

S. Sreekanth Reddy
Executive Director

R. Soundararajan
Company Secretary

Hyderabad
12th July, 2011



SAGAR CEMENTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

In Rs.

Particulars	Schedules	As on 31-03-11	As on 31-03-10
Income			
Income From Operations	13	5346510430	5230025899
Less : Excise Duty		577970064	434291956
Net Income		4768540366	4795733943
Other Income	14	192979490	67878108
Total		4961519856	4863612051
Expenditure			
Raw Materials Consumed	15	496406014	418397172
Manufacturing Expenses	16	1789504525	1533080047
Salaries and Wages	17	166721420	140623398
Purchase of Cement		0	464505645
Value Added Tax and Other Taxes	18	635267282	560689378
Administration and Other Expenses	19	72190937	86892468
Adjustment for Stocks	20	(226958823)	(21043366)
Selling and Distribution Expenses	21	1214467676	815875138
Interest and Financial Charges	22	311395789	289507311
Depreciation	5	275979759	276885046
Total		4734974579	4565412237
Profit Before Tax		226545277	298199814
Provision for:			
Current Tax		53374917	50695216
Income Tax Earlier Years		280734	489607
Add: Minimum Alternate Tax Credit Eligible for Set Off		43635635	44744233
Deferred Tax/(Asset) Liability		42404785	101503227
Profit After Tax		174120476	191235211
Balance brought forward from Previous Year		711457012	612688130
Profit available for Appropriation		885577488	803923341
Appropriations:			
Proposed Dividend		34776028	37505750
Corporate Dividend Tax		4452359	4960579
Transfer to General Reserve		17400000	50000000
Balance carried to Balance Sheet		828949101	711457012
Total		885577488	803923341
Basic Earnings Per Share		11.61	12.75
Diluted Earnings Per Share		10.01	12.75
Accounting Policies and Notes on Accounts	23		

As per our report of even date attached
For and on behalf of

For and on behalf of the Board

P.Srinivasan & Co.,
Chartered Accountants

S.Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

K. Ranganathan
Partner

S. Sreekanth Reddy
Executive Director

R. Soundararajan
Company Secretary

Hyderabad
12th July, 2011

CASH FLOW STATEMENT



SAGAR CEMENTS LIMITED CASH FLOW STATEMENT AS AT 31ST MARCH, 2011

In Rs.

Particulars	As at 31-03-2011		As at 31-03-2010	
A Cash Flow from Operating Activities:				
Net Profit		226545277		298199814
Adjustments for				
Depreciation		275979759		276885046
Interest and Finance charges		311395789		289507311
Profit on sale of investment		(71923670)		0
Dividend Received		(7606290)		(8317000)
Profit on sale of fixed assets		(35313)		0
Loss on sale of assets		138408	507948683	0
Operating Profit before working capital changes		734493960		856275171
Adjustments for				
(Increase) /Decrease in inventories		(67648699)		(63282787)
Increase /(Decrease) in creditors		110024703		205603970
(Increase) / Decrease in Receivables		(29433736)		(162584815)
(Increase) / Decrease in Advances		(134475652)		90718913
Increase / (Decrease) in working capital borrowings		91269666	(30263718)	254676289
Cash generated from operations		704230242		1181406741
B Cash Flow from Investing Activities				
Dividend Received		7606290		8317000
Purchase of Fixed Assets		(39351299)		(161139437)
Sale of Fixed Assets		2116376		
Sale of investment		99647970		
Investment		(479121756)		(230878250)
Net cash used in investing activities		(409102419)		(383700687)
C Cash Flow from Financing Activities				
Receipt of term loan		500000000		15866000
Increase/(Decrease) Unsecured loan		69565257		0
Interest and Finance charges		(310259940)		(287314393)
Increase/(Decrease) in capital creditors		(19994384)		(67436629)
Increase in share holders' funds		(341092)		0
Dividend paid		(37505750)		(37505750)
Repayment of Term Loans		(439318415)		(460876404)
Income Tax paid		(57637457)		(45911319)
Net cash used in financing activities		(295491781)		(883178495)
Net increase in cash and cash equivalent		(363958)		(85472441)
Add: Cash and Cash equivalent at the beginning of the year		26731557		112204000
Add: Cash and Bank balances acquired under the Scheme		2223743		-
Cash and Cash equivalent at the end of the year		28591344		26731559

As per our report of even date attached
For and on behalf of

For and on behalf of the Board

P.Srinivasan & Co.,
Chartered Accountants

S.Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

K. Ranganathan
Partner

S. Sreekanth Reddy
Executive Director

R. Soundararajan
Company Secretary

Hyderabad
12th July, 2011



SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULES

In Rs.

Particulars	As on 31-03-2011	As on 31-03-2010
Schedule 1		
Share Capital		
Authorized		
2,00,00,000 Equity shares	200000000	200000000
20,00,000 Preference Shares	20000000	20000000
Total	220000000	220000000
Issued, Subscribed and Paid up *		
1,50,02,300 Equity Shares (Previous Year 1,50,02,300 Equity shares) of Rs.10/- each	150023000	150023000
Equity Share Capital Suspense **	23857140	0
Total	173880140	150023000
<i>*400 Equity shares of Rs.10/- each were issued for consideration other than cash</i>		
<i>** Please refer to Point No.7 (b) (e) of Schedule 23 (Notes to Accounts)</i>		
Schedule 2		
Reserves and Surplus		
Capital Reserve		
Balance as per last account	3498687	3498687
General Reserve		
Balance as per last account	142439953	105705766
Add: Amount Transferred from Profit and Loss A/c.	17400000	50000000
	159839953	155705766
Share Premium	1050306111	1050306111
Total	1050306111	1050306111
Surplus as per Profit and Loss Account		
Balance as per last account	711457012	612688130
Add: Amount Transferred from Profit and Loss A/c.	17492088	98768882
Total	828949100	711457012
Grand Total	2042593851	1920967576
Schedule 3		
Secured Loans		
Term Loans		
Andhra Pradesh State Financial Corporation Ltd.	80401662	45053316
State Bank Of India	253386118	335886115
State Bank Of Hyderabad	711509213	371509224
IDBI Bank Ltd.	550000011	750000015
L & T Finance Ltd.	6832916	42506377
Vehicle Loans From Banks	11787359	7913404
	1613917279	1552868451
Cash Credit From		
State Bank of Hyderabad	293974720	249089821
Punjab National Bank	0	83652456
State Bank of India	327066230	204031432
IDBI Bank Ltd.	99503745	79941545
Bill Discounting	36091781	48651554
	756636475	665366808
Total	2370553754	2218235259
Schedule 4		
Unsecured Loans		
Directors	32191260	0
Others	68033030	0
Sales Tax Deferment	50060700	0
Total	150284990	0



Schedule 5
Fixed Assets

S L N o.	Description	Gross Block						Depreciation					Net Block	
		As at 31st March, 2010	Acquired during the year*	Additions during the year	Deductions during the year	As at 31st March, 2011	Up to 31st March 2010	Acquired during the year*	Transfer/ adjustments during the year	For the year	Up to 31st March 2011	As at 31st March, 2011	As at 31st March, 2010	
1	Land	113326948	2183116	7147220	0	122657284	0	0	0	0	0	122657284	113326948	
2	Buildings	787291951	25468055	21029964	0	833789970	103909738	0	36372577	150626819	683163151	683382213	683382213	
3	Plant & Machinery	2800189531	96337428	29634557	0	2926161516	483536289	29361178	0	665569562	2260591954	2316653242	2316653242	
4	Plant & Machinery (DG Sets)	27966600	0	0	0	27966600	17961980	0	0	19438616	8527984	10004620	10004620	
5	Electrical Installations	386466002	2260123	3151002	0	391877127	115826334	1441340	0	154464798	237412329	2706396668	2706396668	
6	Furniture & Fixtures	19616117	339543	519520	0	20475180	6894476	339542	0	9575413	10899767	12721641	12721641	
7	Office Equipment	14245970	324230	2215282	0	16785482	6425628	79549	0	7755299	9030183	7820342	7820342	
8	Computers	35923202	0	1630992	0	37554194	20175439	0	0	25631564	11922630	15747763	15747763	
9	Vehicles	55985376	2132756	14127220	6103000	66142352	38253937	357534	3883531	41285710	24856642	17731439	17731439	
10	Other Equipment	239719386	756039	0	77680	240397745	112389332	446333	77680	145413900	94983845	127330054	127330054	
	Total	4480731083	129801290	79455757	6180680	4683807450	905373153	42369980	3961211	1219761681	3464045769	3575357930	3575357930	
	Previous Year Figures	4343135291	0	137595792	0	4480731083	628488107	0	0	905373153	3575357930	3714647184	3714647184	

* Acquired under the Scheme referred to Note 7 of Schedule 23



SCHEDULES

Particulars	In Rs.	
	As on 31-03-11	As on 31-03-10
Schedule 6		
Investments (Unquoted)		
26,000 Equity Shares of Rs. 10/- each in Panchavati Polyfibres Ltd. Fully paid-up at cost	260000	260000
500 Equity Shares of Rs. 10/- each in PCL Financial Services Ltd., (Formerly Sagar Priya Investment and Finance Ltd.)	5000	5000
27,72,430 Equity Shares of Rs. 10/- each in Sagar Power Limited	0	27724300
6,52,36,399 Equity shares of Rs. 10/- each (Previous Year 3,40,87,825 Equity Shares) in Vicat Sagar Cement Private Limited	860000006	380878250
Total	860265006	408867550
Schedule 7		
Inventories		
Stores and Spares	122907578	157241688
Raw Materials	32998426	12919846
Coal	90326051	171641340
Packing Materials	15546586	11087705
Goods In Transit	5230972	56513299
Work in Progress	245079951	68489755
Finished Goods	63299953	10721139
Total	575389517	488614772
Schedule 8		
Sundry Debtors		
Debtors Over Six Months	40036582	38832348
Other Debtors	4193849510	373047108
Total	459421532	411879456
Schedule 9		
Cash and Bank Balances		
Cash on Hand	1718999	1717581
Current Account	5975656	13253604
Deposit Account	20896691	11760375
Total	28591346	26731560
Schedule 10		
Loans and Advances		
Advances recoverable in cash or in kind or for value to be received (Unsecured and considered good)		
Advance to Suppliers	142459215	114727520
Balances with Excise Authorities	16346084	23880144
Balances with Income Tax Authorities	164667063	120738036
Incentives receivable under AP Industrial Policy	157585350	40007391
Claims receivable	5200560	14458853
Advance to Others	58201460	45591193
Deposits to Others	107784583	69392670
Prepaid Expenses	14487735	10851676
Total	666732050	439647483



SCHEDULES

In Rs.

Particulars	As on 31-03-11	As on 31-03-10
Schedule 11		
Current Liabilities		
Sundry Creditors		
For Materials	334996309	271373532
For Stores & Spares	33826314	70774672
For Expenses	142980479	81464796
For Other Liabilities	113441869	68921986
Interest Accrued But not Due	16756546	15620697
Deposits/Advances from Selling Agents, Stockiest and Others	247056801	201154861
Total	889058318	709310544
Schedule 12		
Provisions		
Proposed Dividend	34776028	37505750
Corporate Dividend Tax	5641541	6374102
Taxation	53374917	50695216
Total	93792486	94575068
Schedule 13		
Income From Operations		
Sale of Cement	5263654035	3685651084
Sale of Cement - Second Sale	0	727815117
Sale of Clinker	82856395	816559698
Total	5346510430	5230025899
Schedule 14		
Other Income		
Dividend (from Subsidiary Company)	7606290	8317290
Interest Received	4606781	3216545
Incentives under AP industrial policy	101827978	40007391
Profit on sale of Investment	71923670	0
Others	7014771	16336882
Total	192979490	67878108
Schedule 15		
Raw Materials Consumed		
Limestone	242823816	204992465
Laterite	35596486	60742178
Iron Ore & Iron ore sludge	26329335	51281743
Gypsum	95970860	99248650
Mill scale	46766359	0
Dolomite	121852	0
Fly ash	40160770	2132136
Clinker Transport	8636536	0
Total	496406014	418397172



SCHEDULES

In Rs.

Particulars	As on 31-03-11	As on 31-03-10
Schedule 16		
Manufacturing Expenses		
Consumption of Stores and Spares	147109843	83845612
Fuel Expenses		
Coal	1035840993	931300549
Power	546094622	451405288
Total	1581935615	1382705837
Repairs and Maintenance		
Buildings	790576	974670
Plant and Machinery	49501444	55848704
Vehicles	1980658	1645161
Others	8186389	8060063
Total	60459067	66528598
Grand Total	1789504525	1533080047
Schedule 17		
Salaries and Wages		
Salaries, Wages, Allowances, Amenities, Bonus and Ex-gratia	147351506	121186022
Contribution to Provident Fund and other Funds	8439051	7100400
Staff and Workmen Welfare Expenses	10930863	12336976
Total	166721420	140623398
Schedule 18		
Taxes		
Value Added Tax	621762919	559705480
Entry Tax	2733713	806400
Service Tax	10770650	177498
Total	635267282	560689378



SCHEDULES

In Rs.

Particulars	As on 31-03-11	As on 31-03-10
Schedule 19		
Administration and Other Expenses		
Administrative Expenses		
Director's Remuneration and Perquisites	17167480	33133312
Printing and Stationery	1539208	1609510
Legal and Professional Charges	5674450	5572445
Insurance	9287334	7487804
Director's Traveling Expenses	804507	1942667
Traveling Expenses and Conveyance	8777944	7787215
Total	43250923	57532953
Auditor's Remuneration		
Statutory Auditors		
Audit Fees	300000	150000
Tax Audit Fees	75000	50000
Certification Work	70000	50000
Reimbursement of Expenses	7581	5000
Total	452581	255000
Administration and Other Expenses		
Cost Auditors		
Audit Fees	100000	75000
Reimbursement of Expenses	1900	7765
Total	101900	82765
Other Expenses		
Rent	4292119	2977456
Rates, Taxes and Licenses	4371608	3853820
Miscellaneous Expenses	8050821	8866308
Loss on Sale of Asset	138408	0
Postage & Telephones	4521221	3948318
Office Maintenance	3082323	4130778
Wealth Tax	86350	95070
Testing Fees	127748	389877
Security Services	3714935	4760123
Total	28385533	29021750
Grand Total	72190937	86892468



SCHEDULES

In Rs.

Particulars	As on 31-03-11	As on 31-03-10
Schedule 20		
Adjustment for Stocks		
Work-in-Process		
Opening Stock	68489755	29846561
Less : Closing Stock	245079951	68489755
Total	(176590196)	(38643194)
Finished Goods		
Opening Stock	12931326	28320967
Less : Closing Stock	63299953	10721139
Total	(50368627)	17599828
Grand Total	(226958823)	(21043366)
Schedule 21		
Selling and Distribution Expenses		
Consumption of Packing Materials	190083365	124986505
Transportation Charges	660629940	491861759
Advertisement Expenses	18806536	37664473
Selling Expenses	341632186	161362401
Bad debts written off	3315649	0
Total	1214467676	815875138
Schedule 22		
Interest and Financial Charges		
Interest on Term Loans	183286990	201261793
Interest on Working Capital	95338628	62804532
Other Financial Charges	32770171	25440986
Total	311395789	289507311



NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) **Accounting Assumptions:**

The financial statements are prepared under the historical cost convention on the basis of a going concern on an accrual basis and they comply with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

b) **Fixed Assets:**

Fixed assets are accounted at cost of acquisition inclusive of inward freight, duties, taxes, incidentals related to acquisition and pre-operational expenditure till commissioning of the asset. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

c) **Revenue recognition:**

Sales are recognized on dispatch of goods to customers and it includes excise duty and Value Added Tax on sale.

d) **Foreign currency transactions:**

Income and expenses in foreign currencies are converted at exchange rate prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date. Exchange differences on translation of monetary items for purchase of machinery are included in the cost of such assets.

e) **Investments:**

Long term investments are stated at cost. Provision is made where there is a permanent fall in valuation of Long term investments.

f) **Depreciation:**

Depreciation has been provided as per the rates given in Schedule XIV to the Companies Act, 1956. Depreciation is charged on Plant & Machinery at straight-line method and on all other assets at written down value method.

g) **Inventories:**

Inventories including work-in-progress are valued at lower of cost or market value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity.

Stocks in transit are valued at cost.

h) **Employee Benefits:****Short term benefits:**

Short term employee benefits are charged off at the undiscounted amount in the year in which the related services are rendered.

Long term benefits:

Payments to the defined contribution retirement benefit schemes are charged as an expense as they fall due. Under defined benefit scheme, Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The company has taken master policy with Life Insurance Corporation of India under group gratuity scheme. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date,



based upon which, the Company contributes all the ascertained liabilities to the Life Insurance Corporation of India.

The leave encashment payable to the employees is provided based on the actuarial valuation carried out in accordance with the AS 15.

i) **Deferred Taxation:**

Deferred Tax, resulting from timing differences between book and tax profits, is accounted for under the liability method, at the current rate of tax.

- j) Government grants receivable under Industrial Investment Promotion Policy 2005 – 10 of Government of Andhra Pradesh are accounted based on verification and recommendation of the competent authority as per the policy of Government and in accordance with Accounting Standards 9 and 12.

2. CONTINGENT LIABILITIES

- a) Estimated amount of contracts to be executed on capital account and not provided for Rs.192.39 Lakhs (Previous Year: Rs. 857.45 Lakhs).
- b) Demand raised by APTRANSCO towards voltage surcharge and grid supporting charges is Rs.1,73,50,747/- and the company paid Rs.1,08,02,441/- under protest. The said demand is contested by the company with Division Bench of High Court of Andhra Pradesh.
- c) Bank Guarantees: Rs.292.05 Lakhs (Previous year: Rs.90 lakhs).
- d) Letter of Credit: Rs. Nil. (Previous year: Rs.NIL Lakhs).
- e) During the year 2009-10, demand raised by Sales Tax Authorities for a sum of Rs.1,09,40,297/- in respect of tax on sale of fixed assets. We have paid an amount of Rs.27,35,074/- and contested before the State Appellate Tribunal.
- f) The Income Tax Department has raised a demand of Rs. 74.98 Lakhs on disallowances of certain expenditure relating to the Assessment Year 2006-07 and the same was contested before the Commissioner Appeals.
- g) The Income Tax Department has raised a demand of Rs.11.42 Lakhs on disallowances of certain expenditure relating to the Assessment Year 2008-09 and the same was contested before the Commissioner Appeals.
- h) The Excise Department has raised a demand of Rs.2,24,95,200/- denying the benefit of Cenvat credit on capital goods. The Company has paid an amount of Rs.1,95,00,000/- and filed an appeal with CESTAT Bangalore.
- i) Demand raised by the Sales Tax Authorities for a sum of Rs.19,60,832/- towards interest on delayed payment of tax amount for the year 1999-2000 and filed an appeal before the Appellate Tribunal by paying an amount of Rs.4,90,208/-.

3. SECURED LOANS

- a) The term loans from the Banks and Financial Institutions are secured by the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both proposed 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.
- b) Cash Credit from State Bank of Hyderabad, State Bank of India and IDBI Bank Ltd., are secured by hypothecation of raw materials, goods-in-process, finished goods, stores and spares and receivables, present and future, and by second charge on fixed 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.
- c) Loan from L&T Finance Limited is secured by the mortgage of specific assets purchased from that loan and further secured by personal guarantees of Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy Executive Director.



- d) Vehicle loans from bank are secured by the mortgage of specific vehicle purchased from that loan and further secured by personal guarantees of Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy Executive Director.

4. Earnings per Share (EPS)

In Rs.

Description	Year ended 31 st March, 2011 (Rs.)	Year ended 31 st March, 2010 (Rs.)
Profit after tax	174120476	191235211
Number of Shares	15002300	15002300
Basic Earnings per share	11.61	12.75
Diluted Earnings per share	10.01	12.75

5. As per Andhra Pradesh State Industrial Policy 2005-10, Company has made an application to the General Manager, District Industries Centre, Nalgonda, Andhra Pradesh for claiming the incentives on Value Added Tax and power consumption. General Manager, DIC, Nalgonda has verified and recommended an amount of Rs. 1018 lakhs (previous year Rs.400.07 Lakhs) during the year to the State Level Committee. This amount has been considered as income during the current year and shown in Schedule 14 'Other Income'.
6. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are given below:

a) Reconciliation of opening & closing balance of Defined benefit obligation

In Rs.

Description	Year ended 31st March 2011		Year ended 31st March 2010	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Defined benefit obligation at the beginning of the Year	16305491	4337697	13151333	3362770
Current service cost	3973663	(848394)	3154158	974927
Interest cost	1304439	347015	1052106	269021
Actuarial (gain) / loss	(153572)	4635333	(342888)	2170870
Benefits paid	(1520538)	(4982348)	(709218)	(2439891)
Defined benefit obligation at the year end	19948623	3489303	16305491	4337697

b) Reconciliation of opening and closing balances of fair value of plan assets

In Rs.

Description	Year ended 31st March 2011		Year ended 31st March 2010	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets at the beginning of the Year	14858922	-	11620526	-
Expected return on plan assets	1303546	-	1172276	-
Actuarial gain / (loss)	19508	-	(65709)	-
Employer contribution	91554	-	2841047	-
Benefits paid	(1520838)	-	(709218)	-
Fair value of plan asset at the year end	14752992	-	14858922	-



c) Reconciliation of fair value of assets and obligations

In Rs.

Description	Year ended 31st March 2011		Year ended 31st March 2010	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets as at 31 st March 2011	14752992	-	14858922	-
Present value of obligations as at 31 st March 2011	19948623	3489303	16305491	4337697
Amount recognized in the Balance sheet	(5253027)	(3489303)	(1468943)	(4337697)

d) Expenses recognized during the year

In Rs.

Description	Year ended 31st March 2011		Year ended 31st March 2010	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Current service cost	3973663	(848484)	3154158	974927
Interest cost	1304439	347015	1052106	269021
Expected return on plan assets	(1303546)	-	(172276)	-
Actuarial gain / (loss)	(133940)	4635333	(277179)	2170870
Net cost	3840616	4133954	2756809	3414818

e) Investment details

100% invested in LIC Group gratuity (cash accumulation policy)

f) Actuarial assumptions

Mortality table (LIC) 1994-96 (ultimate)

Discounting rate - 8%

Expected rate of return on plan asset – 9.25%

Expected average remaining working lives of employees–18 Yrs

Rate of escalation in salary – 4%

7. Scheme of Amalgamation

- a) Pursuant to the Scheme of Arrangement for merger of ACL with SCL, which was approved by the Shareholders on 7th March 2011 and later sanctioned by the Honorable High Court of Andhra Pradesh, the entire assets and liabilities, rights and obligations etc., of ACL (Transferor Company) as detailed in the Scheme stand transferred to and vested in Sagar Cements Limited (the Transferee Company) with effect from 1st April 2010 (Appointed Date). A copy of the Scheme was filed with the Registrar of Companies on 20th May 2011 (Transferor Company) i.e., after the end of the Financial Year 2010-11. This is an amalgamation in the nature of merger and has been given effect to in these accounts under the pooling of interest method.



- b) In accordance with the above said Scheme, the Company is required to allot 32,85,714 equity shares of Rs.10/- each at par as fully paid up to the equity shareholders of Amareswari Cements Limited, in the ratio of 10 equity share of Rs 10/- each fully paid up of the Company for every 14 equity shares of the face value of Rs.10/- each fully paid up, held in Amareswari Cements Limited towards consideration for the aforesaid transfer. Pending the above allotment of shares as at the year end, the face value of 32,85,714 shares i.e., Rs 3,28,57,140 has been credited to Share Capital Suspense.
- c) The difference between the amounts recorded as purchase consideration and the value of the net identifiable assets acquired has been adjusted against reserves.
- d) In accordance with The Scheme, all assets and liabilities pertaining to the business of the Transferor Company have been incorporated in the books of the Company (Transferee Company) at the book values as on the appointed date.
- e) Under the Scheme, upon the effective date 9,00,000 Equity Shares held in the Transferee Company by the Transferor Company shall stand extinguished and no equity shares shall be allotted to the Transferor Company. To reflect this, Share Suspense Account was debited with the face value of 9,00,000 equity shares of Rs.10/- each.

8. PARTICULARS OF MANAGERIAL REMUNERATION

In Rs.

Particulars	As at 31.03.2011	As at 31.03.2010
Salary	10800000	11400000
Other Perks	6367480	6957526
Commission on Profits	-	14775786
TOTAL	17167480	33133312
Calculation of Profit U/s. 198 of the Companies Act, 1956		
Profit as per Profit and Loss Account	226545277	298199814
Add: Directors Remuneration	17167480	33133312
Depreciation as provided in the books of accounts	275979759	276885046
Loss on Sale of Fixed Assets	103093	0
Less: Profit on sale of investments	71923670	0
TOTAL	447871939	608218172
Less: Depreciation U/s. 350 of the Companies Act. 1956	275979759	276885046
Profit U/s. 198 read with Section 349 of the Companies Act, 1956	171892180	331333126



9. As required by Accounting Standards AS 18, the related parties' disclosure issued by the Institute of Chartered Accountants of India is as follows:

a) List of related parties and relationships

S.No.	Nature of Relationship	Name of the Company	Country
1	Subsidiary Companies	M/s. Sagar Power Ltd.(up to 31 st May '10)	India
2	Associate Company	M/s.Vicat Sagar Cement Private. Ltd.	India
3	Transactions with Companies in which Directors are interested	a) M/s.Panchavati Polyfibres Ltd. b) M/s.Sagarpriya Housing and Industrial Enterprises Ltd. c) M/s.Golkonda Hospitality Services and Resorts Ltd. d) M/s.BSCPL Infrastructure Ltd. e) M/s. Sagar Power Limited	
4	Directors interested in individual capacity	a) Sri O.Swaminatha Reddy, Chairman b) Sri S.Veera Reddy, Managing Director c) Dr.S.Anand Reddy, Joint Managing Director d) Sri S.Sreekanth Reddy, Executive Director e) Sri K.Thanu Pillai, Director f) Sri Werner C.R.Poot, Director g) Sri P.Rajeswara Rao, APIDC Nominee h) Sri Gilbert Noel Claude Natta, Director	

b) Related Party Transactions

Description	Subsidiary Companies	Associate Company	Company in which Directors are interested	Directors in individual capacity are interested	Directors Relatives are interested	Total
Purchase of power	65.87	-	865.64	-	-	931.51
Sale of goods-Cement	-	-	2.33	-	-	2.33
Dividend Received	-	-	76.06	-	-	76.06
Dividend Paid	-	-	23.29	56.90	-	80.19
Remuneration to Directors	-	-	-	171.67	-	171.67
Sitting fees	-	-	-	5.00	-	5.00
Investment in Associate Company	-	8600.00	-	-	-	8600.00
Purchase of Bags	-	-	1811.71	-	-	1811.71
Sale of shares in M/s.Sagar Power Ltd.	-	-	262.57	212.40	312.70	787.67



10. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 4C AND 4 D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956(AS CERTIFIED BY THE MANAGEMENT)

Description	Year ended 31st March 2011		Year ended 31st March 2010	
	Quantity MTs	Value MTs	Quantity MTs	Value MTs
a) Capacities and Production (Mattampally)				
Licensed and Installed Capacity (TPA)	2350000		2350000	
Actual Production (MTs)	1277720		1120350	
Capacities and Production (Pedaveedu)				
Licensed and Installed Capacity (TPA)	346500		-	
Actual Production (MTs)	212942		-	
b) Value of Imports (CIF)				
Capital goods		-		11405710
Coal, Components and Spare Parts		297858862		259494641
c) Expenditure in Foreign Currencies				
On account of Traveling and other expenses (Rs.)		602350		858757
On account of Consumables and Capital goods		1439501		30149232

d) Value of Imported and Indigenous Raw Materials, Components, Spare Parts and other materials consumed:

Particulars	Year ended 31st March 2011				Year ended 31st March 2010			
	Raw Material		Spares Parts and Other material		Raw Materials		Spares Parts and Other material	
	Value Rupees	%	Value Rupees	%	Value Rupees	%	Value Rupees	%
Imported	-	-	1439501	1	-	-	30149232	39
Indigenous	496406014	100	145670342	99	418397172	100	53696380	61
Total	496406014	100	147109843	100	418397172	100	83845612	100

11. There are no amounts due to micro and small enterprises.
12. Previous year's figures have been regrouped, recast and reclassified wherever necessary to conform with those of the current year.
13. Paise have been rounded to the nearest rupee.

Schedules 1 to 23 form part of the Accounts

As per our report of even date attached
For and on behalf of

For and on behalf of the Board

P.Srinivasan & Co.,
Chartered Accountants

S.Veera Reddy
Managing Director

Dr. S. Anand Reddy
Joint Managing Director

K. Ranganathan
Partner

S. Sreekanth Reddy
Executive Director

R. Soundararajan
Company Secretary

Hyderabad
12th July, 2011



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Inserted by Notification No.GSR 388 (E), dt.15.5.1995)

I. Registration Details

Registration No.	:	2887	State Code	:	01
Balance Sheet Date	:	31 Date	3 Month	2011 Year	

II. Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue	:	Nil	Rights Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	749077

III. Position of Mobilization and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	:	5132743	Total Assets	:	5132743
Sources of Funds					
Paid-up Capital	:	150023	Reserves and Surplus	:	2402367
Share Suspense	:	23857			
Secured Loans	:	2406211	Unsecured Loans	:	150285
Application of Funds					
Net Fixed Assets	:	3525195	Investments	:	860265
Net Current Assets	:	747283	Miscellaneous Expenditure	:	-
Accumulated Losses	:	-			

IV. Performance of Company (Amount in Rs.Thousands)

Total Turnover	:	5346510	Total Expenditure	:	5119965
Profit / (Loss) before Tax	:	226545	Profit / (Loss) after Tax	:	174120
Basic Earning Per Share (Rs.)	:	11.61	Dividend Rate	:	20%
Diluted Earning Per Share (Rs.)	:	10.01			

V. Generic Names of Principal Products of the Company

Product Description	Item Code No. (ITC Code)
Cement	252300
Clinker	252310



SAGAR CEMENTS LIMITED

Regd. Office: 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad-500 034

**THIRTIETH ANNUAL GENERAL MEETING
ADMISSION SLIP**

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the Thirtieth Annual General Meeting of the Company to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028, on Thursday, the 22nd September, 2011 at 3.30 p.m.

Name of the Member (IN BLOCK LETTERS) _____

Name of the Proxy (IN BLOCK LETTERS)
(To be filled in if proxy attends instead of the Member) _____

Registered Folio No. : _____

No. of Share : _____

Signature of the Shareholder / Proxy

NOTE: Please bring this attendance slip with you, duly filled in and hand over the same at the entrance of the Meeting Hall.

SAGAR CEMENTS LIMITED

Regd. Office: 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad-500 034

**THIRTIETH ANNUAL GENERAL MEETING
PROXY FORM**

I/We _____ of _____ being a Member/Members of Sagar Cements Limited, hereby appoint _____ of _____ or failing him /her _____ of _____ as my/our proxy to vote for me / us on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on Thursday, the 22nd September, 2011 at 3.30 p.m. at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof.

Signed this _____ day of _____ 2011

Registered Folio No. : _____

No. of Share : _____

Please affix
Re 1/-
Revenue
Stamp

N.B.: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy so appointed need not be a Member of the Company. The Proxy in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.





NOTES

Book Post
Printed Material



SAGAR CEMENTS LIMITED

Corporate Office:

SAGAR CEMENTS LIMITED
8-2-472/B/2, Road No.1, Banjara Hills,
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