

SAGAR CEMENTS
32nd
ANNUAL REPORT
2012-2013



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 (up to 28.09.2012)
Shri John-Eric Fernand Pascal Cesar Bertrand	Non Executive (w.e.f.17.10.2012)
Shri K.Rajendra Prasad	APIDC Nominee
Shri G.Suneel Babu	IDBI Nominee and Independent

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 K.Ganesh	Vice President - Projects
Shri P.S.Prasad	Vice President - Marketing
Shri O.Anji Reddy	Chief General Manager (Electrical & Installations)
Shri K.V.Ramana	Chief General Manager - Mines
Shri K.Prasad	General Manager (Finance)

Site:

Shri P.Vasudeva Reddy	Vice President (Works)
Shri M.V.Ramana Murthy	General Manager - Production & QC

AUDITORS

M/s. P. Srinivasan & Co.,
Chartered Accountants
H.No. 12-13-422, Street No.1,
Lane Opp. Bank of Baroda
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

Plot No.111, Road No.10, Jubilee Hills
Hyderabad-500 033. Tel: 040 23351571
Fax: 040 - 23356573

FACTORY

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

Pedaveedu, Via Huzurnagar
Nalgonda District, Andhra Pradesh 508 204
Tel.08683 216533 / 247333



SAGAR CEMENTS LIMITED

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Members of the Company will be held at 4.00 p.m. on Wednesday, the 25th September, 2013 at Hotel Golkonda, Masab Tank, Hyderabad-500 028, to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon;
2. To declare dividend;
3. To appoint a Director in place of Shri Gilbert Noel Claude Natta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.Srekanth Reddy, 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. Payment of remuneration to Shri S.Veera Reddy, Managing Director:**

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

“RESOLVED THAT in partial modification of the resolution passed at the 30th Annual General Meeting held on 22nd September 2011 and pursuant to Sections 198, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the recommendation made by the Remuneration Committee and approval accorded by the Board of Directors of the Company at their meetings held on 24th July 2013 and subject to the approval of the Central Government, and such other approvals as may be required, consent of the members of the Company be and is hereby given for payment of remuneration to Shri S.Veera Reddy, Managing Director, as set out below for the period from 1st April 2012 to 12th July 2016, which shall also be the minimum remuneration payable to him in the event of absence or inadequacy of profit in any financial year during his tenure, notwithstanding that the same exceeded or may exceed the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Companies Act, 1956 as amended from time to time or any re-enactment thereof.

Salary	Rs.6,00,000/- per month
Perquisites	As mutually agreed between the Managing Director and the Company, but restricted to 75% of the salary.
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 Sec.309 of the Companies Act, 1956, as amended from time to time or any re-enactment thereof.
Other benefits	The Managing Director will be eligible for contribution to P.F., Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.



RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept such modification/s in the terms and conditions, which the Central Government may direct, if so required, and as may be acceptable to the Company and Shri S. Veera Reddy.

RESOLVED FURTHER THAT any Director and / or the Company Secretary of the Company be and is hereby authorised severally to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution and matters incidental thereto including making of an application to Central Government or such other regulatory authorities and also to carry out any changes, modifications or instructions which the Central Government may direct, if so required, whilst granting its approval."

7. Payment of 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 partial modification of the resolution passed at the 30th Annual General Meeting held on 22nd September 2011 and pursuant to Sections 198, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the recommendation made by the Remuneration Committee and approval accorded by the Board of Directors of the Company at their meetings held on 24th July 2013 and subject to the approval of the Central Government, and such other approvals as may be required, consent of the members of the Company be and is hereby given for payment of remuneration to Dr.S.Anand Reddy, Joint Managing Director, as set out below for the period from 1st April 2012 to 20th November 2012 as minimum remuneration, notwithstanding that the same exceeded the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Companies Act, 1956.

Salary	Rs.4,00,000/- per month
Perquisites	As mutually agreed between the Joint Managing Director and the Company, but restricted to 75% of the salary.
Other benefits	The Joint Managing Director will be eligible for contribution to P.F., Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept such modification/s in the terms and conditions, which the Central Government may direct, if so required, and as may be acceptable to the Company and Dr.S.Anand Reddy.

RESOLVED FURTHER THAT any Director and / or the Company Secretary of the Company be and is hereby authorised severally to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution and matters incidental thereto, including making of an application to Central Government or such other regulatory authorities and also to carry out any changes, modifications or instructions which the Central Government may direct, if so required, whilst granting its approval."

8. Payment of remuneration to Shri S. Sreekanth Reddy, Executive Director:

"RESOLVED THAT in partial modification of the resolution passed at the 30th Annual General Meeting held on 22nd September 2011 and pursuant to Sections 198, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the recommendation made by the Remuneration Committee and approval accorded by the Board of Directors of the Company at their meetings held on 24th July 2013 and subject to the approval of the Central Government, and such other approvals as may be required, consent of the members of the Company be and is hereby given for payment of remuneration to Shri S.Sreekanth Reddy, Executive Director, as set out below for the period from 1st April 2012 to 25th June 2013, which shall also be the minimum



remuneration payable to him in the event of absence or inadequacy of profit in any financial year during his tenure, notwithstanding that the same exceeded or may exceed the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Companies Act, 1956 as amended from time to time or any re-enactment thereof.

Salary	Rs.3,00,000/- per month
Perquisites	As mutually agreed between the Executive Director and the Company, but restricted to 75% of the salary.
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 Sec.309 of the Companies Act, 1956, as amended from time to time or any re-enactment thereof.
Other benefits	The Executive Director will be eligible for contribution to P.F., Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept such modification/s in the terms and conditions, which the Central Government may direct, if so required, and as may be acceptable to the Company and Shri S.Sreekanth Reddy.

RESOLVED FURTHER THAT any Director and / or the Company Secretary of the Company be and is hereby authorised severally to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution and matters incidental thereto, including making of an application to Central Government or such other regulatory authorities and also to carry out any changes, modifications or instructions which the Central Government may direct, if so required, whilst granting its approval."

9. Re-appointment of Dr.S.Anand Reddy as 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, 269, 309 and other applicable provisions of the Companies Act, 1956 as amended or re-enacted from time to time, read with its Schedule XIII and subject to approvals, if any, as may be required from the Central Government, Financial Institutions and other authorities concerned, consent be and is hereby accorded to the re-appointment of Dr.S.Anand Reddy as a Whole-time director with the designation as Joint Managing Director of the Company, for a period of three years with effect from 21st November 2012 on the following remuneration:

Salary	Rs.4,00,000/- per month
Perquisites	As mutually agreed between the Joint Managing Director and the Company, but restricted to 75 % of the salary.
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.

RESOLVED FURTHER 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.



RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Dr.S.Anand Reddy, the Company has no profits or its profits are inadequate, the aforesaid remuneration be paid as minimum remuneration for the said financial year, if required with the approval of the Central Government, notwithstanding that the same may exceed the ceiling limits laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956, as amended or re-enacted from time to time.

RESOLVED FURTHER THAT any Director and / or the Company Secretary of the Company be and is hereby authorised severally to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to these resolutions and matters incidental thereto, including making of an application to Central Government or such other regulatory authorities and also to carry out any changes, modifications or instructions which the Central Government may direct, if so required, whilst granting its approval.”

10. Re-appointment of Shri S.Sreekanth Reddy as 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, 269, 309 and other applicable provisions of the Companies Act, 1956 as amended or re-enacted from time to time, read with its Schedule XIII and subject to approvals, if any, as may be required from the Central Government, Financial Institutions and other authorities concerned, consent be and is hereby accorded for the re-appointment of Shri S. Sreekanth Reddy as a Whole-time director with the designation as Executive Director of the Company, for a period of three years with effect from 26th June 2013 on the following remuneration:

Salary	Rs.3,00,000/- per month
Perquisites	As mutually agreed between the Executive Director and the Company, but restricted to 75 % of the salary.
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.

RESOLVED FURTHER 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.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Shri S.Sreekanth Reddy, the Company has no profits or its profits are inadequate, the aforesaid remuneration be paid as minimum remuneration for the said financial year, if required with the approval of the Central Government, notwithstanding that the same may exceed the ceiling limits laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956, as amended or re-enacted from time to time.

RESOLVED FURTHER THAT any Director and / or the Company Secretary of the Company be and is hereby authorised severally to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to these resolutions and matters incidental thereto including making of an application to Central Government or such other regulatory authorities and also to carry out any changes, modifications or instructions which the Central Government may direct, if so required, whilst granting its approval.”

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. Explanatory Statement pursuant to Sec.173(2) of the Companies Act, 1956 on Special Business covering Item Nos.6 to 10 in the notice is given in the Annexure-1, which forms part of this notice.
3. The resolutions mentioned under Item No.6,7,8,9 and 10 of the Notice of the Meeting together with the Explanatory Statement thereon may be treated as abstracts and memorandum of interest under Section 302 of the Companies Act, 1956.
4. The details required to be given under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Item No.3, 4, 9 and 10 are given in the annexure 2, which forms part of this Notice.
5. Register of Members and the Share Transfer Books of the company will remain closed during the period from 18.09.2013 to 25.09.2013 (both days inclusive).
6. 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-id, if any.
7. Consequent upon the amendment to Section 205A of the Companies Act, 1956 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, 2005 were duly transferred to the Investors Education and Protection Fund set up by the Government of India.
8. 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
2005-06	Final Dividend
2006-07	Interim and later confirmed as Final
2007-08	Interim and Final
2008-09	Final
2009-10	Final
2010-11	Final
2011-12	Final

9. Dividend for the year 2012-13, if declared at the meeting, will be paid to those members whose names appear on the Company's Register of Members on 25th September, 2013.
10. 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

24th July 2013
Registered Office:
Plot No.111, Road No.10
Jubilee Hills
Hyderabad 500 033, A.P.



Annexure 1 to the Notice of the 32nd Annual General Meeting

(Explanatory Statement U/s.173 (2) of the Companies Act, 1956)

On Items Nos.6, 7 and 8 of the Notice:

The whole time directors of the Company are entitled, inter-alia, to the following remuneration in accordance with the approval accorded by the shareholders at their 30 Annual General Meeting held on 22nd September 2011.

	Shri S. Veera Reddy Managing Director	Dr.S.Anand Reddy Joint Managing Director	Shri S.Sreekanth Reddy Executive Director
Period	From 01-04-2012 to 12-07-2016	From 01-04-2012 to 20-11-2012	From 01-04-2012 to 25-06-2013
Salary per month	Rs.6,00,000/-	Rs.4,00,000/-	Rs.3,00,000/-
Perquisites	Not exceeding 75% of the salary.	Not exceeding 75% of the salary.	Not exceeding 75% of the salary.
Commission to each whole-time director	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 Sec.309 of the Companies Act, 1956, as amended from time to time or any re-enactment thereof		

As per the above approval accorded by the shareholders, in the event of inadequacy or absence of profit in any financial year during the tenure of these whole-time directors, their remuneration would be restricted to the ceiling allowed under the applicable clause of Schedule XIII to the Companies Act, 1956.

As the shareholders are aware, the Year 2012-13 was a year of challenges and uncertainties for cement companies in general and more particularly those based in Andhra Pradesh, where slowdown in the construction activities resulted in the lower demand for cement. This impacted your company, as Andhra Pradesh constitutes its major market. As such there was inadequacy of profit during the financial year 2012-13. In view of this, the whole time directors were paid a minimum remuneration of Rs.2 lakhs per month in the case of Shri S.Veera Reddy and Shri S.Sreekanth Reddy and Rs.1.75 lakhs per month in the case of Dr.S.Anand Reddy in accordance with applicable ceiling under Schedule XIII to the Companies Act, 1956. As this remuneration is considered to be too low for the contributions made by these directors, the Remuneration Committee of the Board re-visited this matter and, subject to the fresh approval of the shareholders, recommended for payment of remuneration as earlier approved by the shareholders notwithstanding that the same exceeded / would exceed the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Companies Act, subject to the approval of the Central Government, if required. These recommendations having been accepted by the Board of Directors at their meeting held on 24th July, 2013, are now submitted to the shareholders for their approval.

All the three whole-time directors mentioned in the resolutions concerned are related to each other and all of them may be deemed to be interested in these resolutions individually as well as collectively, as these resolutions pertain to payment of remuneration to them.

On Item No.9 of the Notice (For re-appointment of Dr.S.Anand Reddy)

As the tenure of Dr.S.Anand Reddy as Joint Managing Director had come to an end on 20th November 2012, with a view to continuing to avail his services, the Board has re-appointed him as Joint Managing Director for a further period of three years with effect from 21st November 2012 on a remuneration as detailed in the resolution. Dr.S.Anand Reddy has been associated with the Company for over two decades as whole-time director. 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 Joint Managing Director and accordingly it commends the resolution for acceptance by the Members.

As the Resolution is for the re-appointment of Dr. S.Anand Reddy as the Joint Managing Director and payment of remuneration to him, to that extent he along with Shri S.Veera Reddy and Shri S.Sreekanth Reddy, who are the other directors related to him may be deemed to be interested in the resolutions.

Disclosure under Proviso (IV) to Section (II) (B) of Part II of Schedule XIII to the Companies Act, 1956

I General Information			
(1)	Nature of Industry	Manufacturer of Cement	
(2)	Date or expected date of commencement of commercial production	26.01.1985	
(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
(4)	Financial performance based on given indicators	Description	Rs. in Lakhs
			2012-13 2011-12
		Income	58454.50 60682.74
		Profit before Interest Depreciation & Tax	6822.15 12469.10
	Profit after Tax	877.98 4411.64	
(5)	Export performance and net foreign exchange	Nil	
(6)	Foreign investments or collaborators, if any	The company has not made any investment outside India. It does not have any collaborator either. In the year 2008, the company received an FDI of Rs.70 crores, against which 10,00,000 equity shares of Rs.10/- each were allotted at an issue price of Rs.700 per share.	

II Information about the appointee		
(1)	Background details	Dr.S.Anand Reddy, aged 49, is an M.B.B.S doctor. He is one of the members of the promoter group. He has been a member of the Board since 23-11-1991. He was appointed as a whole time director with the designation Director (Marketing & Projects) with effect from 21 st November 1992. Currently he is holding the office of Joint Managing Director of the company.
(2)	Past remuneration	The JMD was entitled to a total remuneration as detailed in the resolution in his previous term. (There is no change in the remuneration proposed on his re-appointment).
(3)	Recognition or awards	-



	(4) Job profile and suitability	<p>The JMD devotes his whole time and attention to the business of the company and carries out such duties as may be entrusted to him by the Managing Director and / or the Board from time to time and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as a whole-time director, he is looking after the overall day to day affairs of the company along with other whole-time directors of the company.</p> <p><u>Suitability:</u> Dr.S.Anand Reddy was instrumental in carrying out the expansion of the plant at its various stages. Apart from this, he played a key role in setting up the erstwhile subsidiary of the Company, Sagar Power Ltd. The company needs an experienced person to co-ordinate the operations of the plant and implement its further expansions. Commercial acumen and the vast overall experience already gained by Dr.S.Anand Reddy in running the plant and in its marketing operations, makes him suitable for the proposed re-appointment.</p>
	(5) Remuneration proposed	As detailed in the special resolution.
	(6) Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The Remuneration Committee of the Board, after considering, inter-alia, the available information on the remuneration prevailing in the companies of similar size in the cement industry and also the profile of and contribution so far made by Dr.S.Anand Reddy to the company as a member of the Board, had fixed the remuneration as mentioned in the Resolution.
	(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Dr.S.Anand Reddy is related to Shri S.Veera Reddy, Managing Director and Shri S.Sreekanth Reddy, Executive Director of the Company. As on date, he is holding 11,44,913 equity shares in the company in his individual capacity.

III	Other Information	
(1)	Reasons for loss or inadequate profits	<p>The re-appointment of Dr.S.Anand Reddy took effect from 21st November 2012 and the remuneration proposed is for a period of three years commencing from the said date. The previous year, i.e., 2012-13 was a year of challenges and uncertainties for cement companies in general and more particularly those based in Andhra Pradesh, where slowdown in the construction activities resulted in the lower demand for cement. This impacted Sagar Cements as well, since Andhra Pradesh constitutes its major market. The poor price realization and increased cost of inputs made a dent in the profit of the company for the said year. As such there was inadequacy of profits during the financial year 2012-13.</p>
(2)	Steps taken or proposed to be taken for improvement	
(3)	Expected increase in productivity and profits in measurable terms	



		<p>However, the infrastructure and construction industries, which are the main drivers for cement industry are expected to get a boost in the coming years with the Government's continuous thrust to these sectors. These will hopefully revive the demand for cement and put the performance of the company on a better position. In the unlikely event of the present trend continuing resulting in inadequate profit, it is proposed to pay the remuneration as contained in the resolution as minimum remuneration, if the same is within the ceiling prescribed under Schedule XIII to the Companies Act, 1956 or any amendment or re-enactment thereof for the time being in force or else with the approval from the Central Government as the case may be.</p>
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On item No.10 of the Notice (For re-appointment of Shri S.Sreekanth Reddy)

As the tenure of Shri S.Sreekanth Reddy as Executive Director had come to an end on 25th June 2013, with a view to continuing to avail his services, the Board has re-appointed him as Executive Director for a further period of three years with effect from 26th June 2013 on remuneration as detailed in the resolution. Shri S. Sreekanth Reddy has been associated with the Company for over a decade as a whole-time director. The Company has immensely benefited from his business acumen and leadership qualities. The Board is of the firm view that it would be in the interest of the company that he be re-appointed as Executive Director and accordingly it commends the resolution for acceptance by the Members.

As the Resolutions are for the re-appointment of Shri S.Sreekanth Reddy as the Executive Director and payment of remuneration to him, to that extent he, along with Shri S.Veera Reddy and Dr.S.Anand Reddy, who are the other directors related to him may be deemed to be interested in the resolutions.

Disclosure under Proviso (IV) to Section (II) (B) of Part II of Schedule XIII to the Companies Act, 1956

I General Information				
(1)	Nature of Industry	Manufacturer of Cement		
(2)	Date or expected date of commencement of commercial production	26.01.1985		
(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
(4)	Financial performance based on given indicators	Description	Rs. in Lakhs	
			2012-13	2011-12
		Income	58454.50	60682.74
		Profit before Interest Depreciation & Tax	6822.15	12469.10
		Profit after Tax	877.98	4411.64
(5)	Export performance and net foreign exchange	Nil		



	(6) Foreign investments or collaborators, if any	The company has not made any investment outside India. It does not have any collaborator either. In the year 2008, the company had received an FDI of Rs.70 crores, against which 10,00,000 equity shares of Rs.10/- each were allotted at an issue price of Rs.700 per share.
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II Information about the appointee		
(1)	Background details	Shri S.Sreekanth Reddy is a graduate in Industrial Engineering and holding a post graduate diploma in cement technology. He is one of the members of the promoter group. He has been a member of the Board since 26.06.2003, initially as technical director and later as Executive Director.
(2)	Past remuneration	The Executive Director was entitled to a total remuneration as detailed in the resolution in his previous term. (There is no change in the remuneration proposed on his re-appointment).
(3)	Recognition or awards	-
(4)	Job profile and suitability	The Executive Director devotes his whole time and attention to the business of the company and carries out such duties as may be entrusted to him by the Managing Director and / or the Board from time to time and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, he is looking after the overall day to day affairs of the company.
		<p><u>Suitability:</u></p> <p>Shri S.Sreekanth Reddy was instrumental in carrying out the expansion of the plant at its various stages. The company needs an experienced technical personnel to co-ordinate the operations of the plant and foresee its further expansion. Commercial acumen and the experience already gained by Shri S.Sreekanth Reddy in this area as Executive Director makes him suitable for the proposed re-appointment.</p>
(5)	Remuneration proposed	As detailed in the special resolution.
(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The Remuneration Committee of the Board, after considering, inter-alia, the available information on the remuneration prevailing in the companies of similar size in the cement industry and also the profile of and contribution so far made by Shri S.Sreekanth Reddy to the company as member of the Board, recommended the remuneration as mentioned in the Resolution.
(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Shri S.Sreekanth Reddy is related to Shri S.Veera Reddy, Managing Director and Dr.S.Anand Reddy, Joint Managing Director of the Company. As on date, he is holding 10,85,757 equity shares in the company in his individual capacity.



III Other Information		
(1)	Reasons for loss or inadequate profits	<p>The re-appointment of Shri S.Sreekanth Reddy took effect from 26th June 2013, i.e., in the current FY 2013-14 and the remuneration proposed is for a period of three years commencing from 26.06.2013. The previous year, i.e., 2012-13 was a year of challenges and uncertainties for cement companies in general and more particularly those based in Andhra Pradesh, where slowdown in the construction activities resulted in the lower demand for cement. This impacted Sagar Cements as well, since Andhra Pradesh constitutes its major market. The poor price realization and increased cost of inputs made a dent in the profit of the company for the said year. As such there was inadequacy of profit during the financial year 2012-13.</p> <p>However, the infrastructure and construction industries, which are the main drivers for cement industry are expected to get a boost in the coming years with the Government's continuous thrust to these sectors. These will hopefully revive the demand for cement and put the performance of the company on a better position. In the unlikely event of the present trend continuing resulting in inadequate profit, it is proposed to pay the remuneration as contained in the resolution as minimum remuneration, if the same is within the ceiling prescribed under Schedule XIII to the Companies Act, 1956 or any amendment or re-enactment thereof for the time being in force or else with the approval from the Central Government as the case may be.</p>
(2)	Steps taken or proposed to be taken for improvement	
(3)	Expected increase in productivity and profits in measurable terms	



Annexure 2 to the Notice of the 32nd 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 S.Sreekanth Reddy	Shri Gilbert Noel Claude Natta	Dr.S.Anand Reddy
Date of birth	27-08-1971	24-12-1948	10-06-1964
Experience in specific functional areas	Cement Technologist	Banking and Finance	Marketing and Project Management
Qualification	B.E. (I & P) and PG Diploma in cement technology	ESSEC Paris	M.B.B.S.
Directorships in other companies	Sagarsoft (India) Ltd. Sagar Power Ltd. Sagar Priya Housing & Industrial Enterprises Ltd. Vicat Sagar Cement Pvt.Ltd. Gulbarga Power Pvt.Ltd. Super Hydro Electric Pvt.Ltd. SPL Renewable Energy Pvt.Ltd. Sree Venkateswara Winery and Distillery Pvt.Ltd.	Sinai Cement CY, Egypt Konya Cemento, Turkey Bastas Baskent CiM, Turkey	Sagar Power Ltd. Sagar Priya Housing & Industrial Enterprises Ltd. Panchavati Polyfibres Ltd. Vicat Sagar Cement Pvt.Ltd. Super Hydro Electric Pvt.Ltd. SPL Renewable Energy Pvt.Ltd.
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Nil	Nil	Audit Committee: Sagar Power Ltd. - Member Investors Grievances Committee: Sagar Cements Ltd. - Member
No. of shares held in Sagar Cements Ltd.	1085757	Nil	1144913
Inter-se relationship with other Directors of the Company	Related to Shri S.Veera Reddy, Managing Director and Dr.S.Anand Reddy, Joint Managing Director	Related to none of the Directors of the company	Related to Shri S.Veera Reddy, Managing Director and Shri S.Sreekanth Reddy, Executive Director

By Order of the Board

R. Soundararajan
Company Secretary

24th July 2013
Registered Office:
Plot No.111, Road No.10
Jubilee Hills
Hyderabad 500 033, A.P.



DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present their Thirty Second Report together with the audited financial statements of the Company for the year ended 31st March, 2013.

Financial Results

Rs. in Lakhs

Particulars	As on	
	31-03-2013	31-03-2012
Revenue from Operations (Net)	55851.55	59482.72
Other Income	2602.95	1200.02
Total Revenue	58454.50	60682.74
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	6822.15	12469.10
Finance costs	3055.38	3418.13
Depreciation	2674.39	2589.62
Profit before Tax	1092.38	6461.35
Total of tax expenses	214.40	2049.71
Profit after Tax	877.98	4411.64
Add : Profit brought forward from the previous year	10094.85	8289.49
Profit available for appropriation	10972.83	12701.13
Appropriations:		
General Reserves	0.00	2000.00
Proposed Dividend on Equity Shares	173.88	521.64
Tax on Dividend proposed	29.55	84.64
Total Appropriations	203.43	2606.28
Balance carried to Balance Sheet	10769.40	10094.85
Earnings Per Share (Basic and Diluted) (Rs.)	5.05	25.37

Dividend

Constrained by the lower profit earned during the year under report and to ensure adequate cash flow to meet the ongoing capital expenditure which are necessary in the long term interest of the operations of your company, your directors have recommended the dividend for the financial year 2012-13 restricting it to 10%, i.e. Re.1/- per equity share.

Transfer to reserves

After providing for the dividend as mentioned above, the entire balance available in the Profit and Loss Account is proposed to be carried to Balance Sheet.

Company's performance

The year 2012-13 saw the continuance of the slowdown in the construction sector observed in the previous year, keeping the demand for cement at a low level especially in Andhra Pradesh, which is a major market for your company. Despite this, Sagar Cements was able to maintain its sales volume, though at a marginally lower level than that of the previous year. Average net sales realization per ton of cement was lower by 6% as compared to the previous year. Rising cost of all inputs remained a concern for your company particularly in the context of lower demand which offers little scope for better price realization to offset the increase in the input costs.



The performance of your company in terms of production and sale of cement and average net sales realization per ton is given below:

Particulars	2012-13	2011-12
Cement production in MTs	1587419	1625336
Cement Sales in MTs	1585003	1631392
Average Net Sales Realisation per MT (Rs.)	2773	2945
Total Revenue - Rs. In lakhs	58454	60683

A detailed analysis of the operations of your Company during the year under report is given in the Management Discussion and Analysis Report, which forms part of this report.

Future outlook

With the low government expenditure presently witnessed on public projects and a fall in investment levels in the housing and construction industry, it will be some time before the cement industry again sees a significant growth. It is fervently hoped that in the context of the ensuing general elections, the Government may come out with some major policy announcements to further boost the infrastructure, road network and housing sectors which will provide the required stimulus for the growth of cement industry. However, till such time your company may have to face the problems like rising input costs, higher freight and distribution costs and low price realizations due to weak demand. Your company therefore attaches greater importance to keep its energy cost to the minimum by ensuring an optimum combination in the consumption of imported and indigenous coal. It is also proposed to set up a waste heat recovery plant to ease the pressure on energy cost. Further, as you are aware, a railway siding project is under implementation near your plant at Mattampally and it is hoped that the completion of this project would see the optimization of the transportation cost and reduced dependence on road transport apart from enabling your company to reach newer markets. Your Board, if therefore cautiously optimistic about the future outlook for your company.

Corporate Governance Report and Management Discussion and Analysis Report

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report with the auditors' certificate thereon and the Management Discussion and Analysis Report are attached to form part of this report.

Internal Control Systems

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

Insurance

All the properties of the Company have been adequately insured.

Particulars of Employees

There were no employees whose details are required to be furnished pursuant to Sec.217 (2A) of the Companies Act, 1956.

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

Shri Werner C.R.Poot resigned from the Board with effect from 28.09.2012. Your directors wish to place on record their deep sense of appreciation of the invaluable contribution made by him during his tenure as a Board member. In the casual vacancy caused by the resignation of Shri C.R.Poot, your Board has appointed Mr. John-Eric Fernand Pascal Cesar Bertrand with effect from 17th October 2012.

In compliance with Sec.256 of the Companies Act, 1956, Shri Gilbert Natta and Shri S.Sreekanth Reddy will retire by rotation at the ensuing Annual General Meeting and, being eligible, they offer themselves for re-appointment.

Sub Committees of the Board

The Board has Audit Committee, Remuneration Committee, Investment Committee and Investors' Grievance Committee, the composition and other details of which have been given in the Report on the Corporate Governance forming part of the Annual Report.

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. The Audit Committee of your Board has recommended the re-appointment of 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 judgement 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 has not accepted any Deposits from the public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

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.

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
24th July 2013

O. Swaminatha Reddy
Chairman



Annexure 1

Management Discussion and Analysis

Industry review

As one of the basic infrastructure industries, cement industry contributes in a significant way to the Indian economy in terms of employment generation, tax revenues, and industrial growth. The per capita consumption of cement, which is an important indicator of a country's economic development, is very much low in India, despite India being the second largest cement producer in the world. However this offers vast scope for the cement industry to grow.

This industry 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.

Indian cement industry has made great progress in technological up-gradation and assimilation of latest technology. Presently, about 97 per cent of the total capacity in the industry is based on modern and environment-friendly dry process technology.

Andhra Pradesh, with its 37 large cement plants of combined capacity of 68 MTPA, has the maximum number of cement plants in India.

Being a huge country, there is a difference in the region wise demand for cement in India, which is broadly divided into the western, eastern, northern and southern regions. Cement being a bulk item, transporting it over long distances can prove to be uneconomical. Thus, the industry is completely domestic driven. As the cement is a low value and high volume product, it does not offer much scope for export either.

During the last few years, most cement companies expanded their capacities hoping for increased consumption of cement on account of anticipated hike in government spending, which however did not materialize to the extent hoped for and because of the continuing depressed housing / real estate market, the construction spending levels remained low in 2012-13 too.

Despite higher cement prices realized occasionally, the margins continue to be under severe pressure particularly over the last couple of years due to steep hike in cost of all major inputs like raw material, fuel, power and freight, which together account for around 70 per cent of the cost of production.

The slowdown in the economy continued in 2012-13 as well, forcing the financial institutions to tighten their credit norms, which inter-alia, impacted the on-going as well as upcoming real estate, infrastructure and other projects leading to a fall in the demand for cement and resulting in its excess supply, putting pressure on the price.

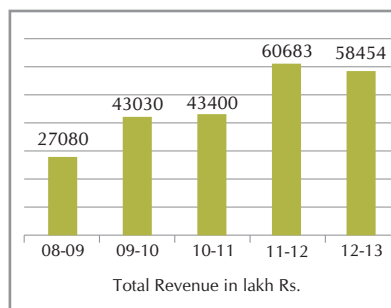
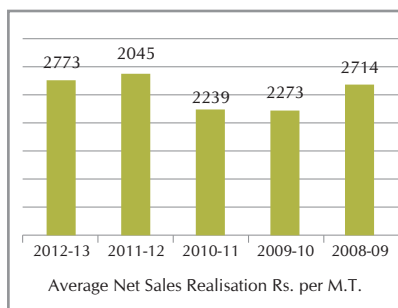
Sagar Cements - Overall performance

Performance of Sagar Cement during the year 2012-13 needs to be reviewed against the backdrops of the current mismatch between cement demand and its supply in Andhra Pradesh, which is the major market for the Company. The increasing cost of coal and other input materials is pushing up the cost of production of cement, squeezing the earnings of the company. The lower demand for cement in Andhra Pradesh and in the neighbouring states, has put severe pressure on the price. Due to these reasons, there was a marginal dip in production, sales as well as in net sales realization per ton of cement.

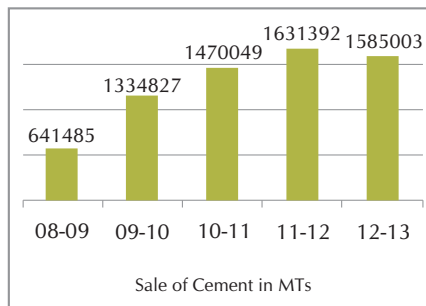
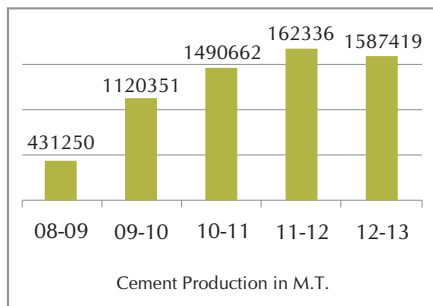
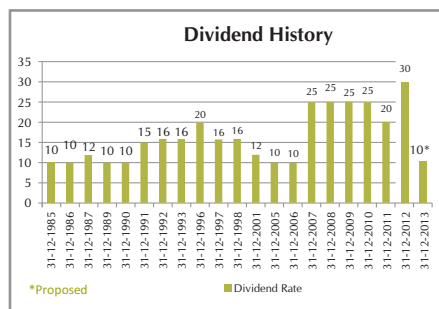
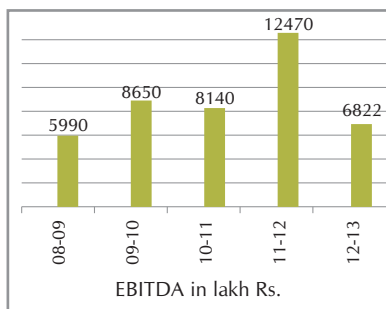
During the year the company earned a total revenue of Rs.58454 lakhs, marginally lower by 3.67 % than that of the



previous year. The Profit Before Tax (PBT) for the year stood at Rs.1,092.38 lakhs as against Rs.6,461.35 lakhs in the previous year, a decrease by 83%. Profit after tax was Rs.878 lakhs, a decrease by 80% over the previous year.



Constrained by the reduced earnings during the year 2012-13, the Board has recommended a modest dividend at 10% (Re.1 per share) for the year on the 1,73,88,014 equity shares of the Company. This would help the company in maintaining the much needed cash flow to partly meet capital expenditures like provision for a railway siding at the company plant, setting up of a waste heat recovery plant and for installation of a few balancing equipments, all of which, currently under active evaluation by the internal committees of the Board, will go a long way in pruning the costs.





Financial Review

During the year the company sold 1585003 MT's of cement with an average gross realization of Rs.4550/MT, whereas in the previous year, the company had sold 1631392 MT's at an average gross realization of Rs.4633/MT.

The net revenue from operations during the year under discussion is about Rs.55851.55 lakhs as compared to Rs.59482.72 lakhs during the previous year.

Other income included an amount of Rs.426 lakhs being the profit realized on sale of assets and an amount of Rs.235 lakhs towards excise duty refund receivable against price difference given to the customers.

The balance retained in the Statement of Profit and Loss as on 31st March 2013 is Rs.10769.40 lakhs, after making provision for a dividend of Rs.173.88 lakhs and a tax of Rs.29.55 lakhs thereon

Investments in the Joint Venture

In the year 2008-09, Sagar Cements entered into a Joint Venture agreement 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) was later formed for the purpose. This project is implemented in two phases, each phase with a capacity of 2.75 Million ton cement per annum. To facilitate the speedy implementation of the captive power plant mentioned above, the VSCPL and Parficim SAS, a wholly owned subsidiary of Vicat SA have jointly formed an SPV, "Gulbarga Power Private Ltd". The first phase of the cement project has since commenced its commercial operations. Sagar Cements and the Vicat Group have respectively invested a sum of Rs.860 million and Rs. 4140 million and are holding 47% and 53% of the Equity Capital of the said Joint Venture.

Opportunities and threats:

Constrains on inputs:

The cement industry is a highly energy intensive sector. Energy, along with other raw materials mainly comprising coal and lime stone, forms the most critical component in the manufacture of cement. While there are no problems with respect to the availability of limestone, concerns however do exist with regard to non-availability of adequate quantity of good quality coal, which is forcing the Company to take recourse to imported coal at a much higher cost. There is also a severe shortage of power in Andhra Pradesh and the company is forced to procure power at a higher costs from the open market through power exchange.

Logistics is another area of concern for the Company, distribution cost being a significant component of the cost structure. Company is implementing a proposal to provide a railways siding near its plant, the completion of which will go a long way in reducing the freight cost.

Stagnant demand

There is a continued lull in the housing sector, which accounts for over 60-70 percent of the cement demand. There has also been a low government expenditure on public projects and a fall in investment levels in the housing and construction industry. It will be some time before the cement industry sees a revival in demand to the tune of 8 to 9 percent. The negative sentiment currently seen in the economy has also found its repercussions in the cement sector.

Impact of entry of global players:

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, greater expenditure on advertising, strengthening its distribution networks as well as by customer-focused initiatives. Apart from these, Sagar Cements is looking for opportunities to expand its own manufacturing facilities geographically through organic as well as inorganic routes.



Outlook

In the prevailing economic scenario, the future, atleast in the near term, does not appear to be rosy for the cement industry. The industry will have to deal with problems like rising energy costs compounded with the depreciation of the rupee, higher freight and distribution costs and low price realizations due to weak demand. The weak economic climate will also have an impact on smaller cement producers and their operations, leading to a spate of consolidations. The next couple of years may see a period of consolidation in the industry with the smaller players withdrawing from the industry by selling out to the financially stronger cement producers.

On the brighter side, the per capita consumption of cement being very low in India, there is a vast scope for growth in demand for cement on the long term. The 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 recently witnessed in the industry. 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 Cements will be focusing on penetration into more districts of A.P., to increase its market share in the said State and continue to explore its other markets and with this strategy, Sagar Cements is confident of achieving a higher capacity utilization.

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 is trying to reach a wider section of its ultimate consumers. As the cement industry is witnessing rapid additions to its capacity, in order to mitigate the risk associated with it, Sagar Cements whose revenue is mainly from its sales in Andhra Pradesh, is looking for growth opportunities in other States, where infrastructure spending is set to get a boost.

The Company has adequate system to manage the financial risks of its operations. The system is implemented through imposition of checks and balances on extending credit to the customers, 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. Audit committee also assists the board in monitoring the integrity of the financial statements, external auditor qualifications, if any, performance of the internal audit function and external auditors, and company's compliance with regulatory requirements

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 430 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 judgements. 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
(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

Particulars	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012	
A. Power & Fuel Consumption			
1. Electricity			
Purchased Units	1498.58 lakhs	1406.33 lakhs	
Total Amount	7755.11 lakhs	5463.71 lakhs	
Rate / Unit (Rs.)	5.17	3.89	
Own Generation (Units)	0.50 lakhs	0.08 lakhs	
Unit / Ltr. Of Diesel Oil	0.55 units	1.19 units	
Rate / Unit (Rs.)	44.67	37.18	
2. Coal (C & D Grade used as fuel in Kiln)			
Quantity	285552 MT	301932 MT	
Total Cost (Rs.)	13299 lakhs	13174 lakhs	
Average Rate (Rs.)	4657.30	4363.35	
B. Consumption per unit of production			
Particulars	Standard	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
Products OPC, PPC & SRC	-	1587419	1625336
Electricity (in KWH)	140	95.73	94.00
Coal (MT) (For Clinker)	0.28	0.210	0.224

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. Company ordered for pre-grinder for cement mill to increase the production capacity and to reduce power consumption.

Foreign Exchange Earnings and Outgo:

Earnings : Nil
Outgo : Rs.606.46 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 relationship with all its stakeholders.

2. Board of Directors:

Composition:

The Board of Directors has an optimum combination of Executive and Non-Executive Directors and its composition is in conformity with 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.

During the year, Shri Werner Poot resigned from the Board due to his other pre-occupations and in the casual vacancy caused by his resignation, Shri John-Eric Fernand Pascal Cesar Bertrand has been appointed. The AP Industrial Development Corporation withdrew its nominee director Shri P.Rajeswara Rao from the Board and in his place they have nominated Shri K.Rajendra Prasad.

Following was the composition of the Board as on 31st March 2013:

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 (Promoter Group)	Executive
3	Dr.S.Anand Reddy, Joint Managing Director (Promoter Group)	Executive
4	Shri S.Sreekanth Reddy, Executive Director (Promoter Group)	Executive
5	Shri K.Thanu Pillai	Independent & Non-Executive
6	Shri Gilbert Noel Claude Natta	Non-Executive
7	Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive
8	Shri G.Suneel Babu, (IDBI Nominee)	Independent & Non-Executive
9	Shri K.Rajendra Prasad, (API DC Nominee)	Non-Executive

Meetings held:

Seven Board Meetings were held during the financial year 2012-13 and the gap between any two consecutive Board Meetings was not more than four months. These Meetings were held on the following dates: 15.05.2012, 18.07.2012, 20.09.2012, 17.10.2012, 12.12.2012, 23.01.2013 and 27.03.2013.

Board Procedure:

Board Meetings are convened taking into consideration the business requirements, statutory and regulatory compliances. The Agenda, backed by adequate 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. Members of the senior management team are invited to attend the Board Meetings as and when required, which provides additional inputs to the items being discussed by the Board.



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 2012-13 and at the last Annual General Meeting as also the number of their directorships and Committee Memberships as on 31st March 2013 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 Limited 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	1
2	Shri S.Veera Reddy	2	No		5	1	
3	Dr.S.Anand Reddy	7	Yes		4		2
4	Shri S.Sreekanth Reddy	7	Yes	1	3		
5	Shri K.Thanu Pillai	6	Yes		8	2	1
6	Shri John-Eric Fernand Pascal Cesar Bertrand (w.e.f.17.10.12)	2	-		1		
7	Shri G.Suneel Babu	4	Yes		1		1
8	Shri K.Rajendra Prasad (w.e.f.18.7.12)	6	Yes		8	1	1
9	Sri Gilbert Noel Claude Natta	1	Yes		1		

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 2013, 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, 2013:

Name	Status in the Committee
Shri O.Swaminatha Reddy	Chairman
Shri K.Thanu Pillai	Member
Shri G.Suneel Babu	Member
Shri K.Rajendra Prasad	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 G.Suneel Babu and Shri K.Rajendra Prasad, are the nominee directors of IDBI and APIDC respectively. Company Secretary is the Secretary of the Committee. 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. Apart from this, the Committee reviews reports of the internal and statutory auditors and discusses their suggestions, internal control systems, scope of audit and observance of the auditors.

Meetings held:

The Audit Committee, which met five times during 2012-13, held its meetings on 15.05.2012, 18.07.2012, 20.09.2012, 17.10.2012 and 23.01.2013 in the said period.

The statutory and internal auditors are invited to attend all the meetings of the Committee. The Cost Auditors appointed by the Company under Section 233B of the Companies Act, 1956 attend the Audit Committee meetings, where cost audit reports are discussed.

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	4
Shri G.Suneel Babu	3
Shri K.Rajendra Prasad	4

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 K.Rajendra Prasad	Member

During the financial year 2012-13, the Committee met on 15.5.2012 to recommend suitable commission to the Whole-time Directors for the year 2011-12 and again on 23.1.2013 to recommend a suitable remuneration to Dr.S.Anand Reddy, Joint Managing Director on his re-appointment.

Remuneration policy:

Company's remuneration policy is aimed at attracting, retaining, developing and motivating a high performance workforce and individual performance is assessed and rewarded through annual appraisal process. Company does not have any Employee Stock Option Scheme.

Remuneration to Non-Executive Directors:

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



Sitting fees payable to the nominee directors are paid directly to the institutions they represent. Details of sitting fees paid to the non-executive directors during the year 2012-13 are given below:

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1	Shri O.Swaminatha Reddy	290000
2	Shri K.Thanu Pillai	250000
3	Shri K.Raejndra Prasad (APIDC Nominee)	220000
4	Sri Gilbert Noel Claude Natta	20000
5	Shri G.Suneel Babu (IDBI Nominee)	120000
6	Shri Werner C.R.Poot	30000
7	Shri John-Eric Fernand Pascal Cesar Bertrand	40000
Total		970000

Remuneration to the Managing Director and Whole time Directors:

The Company pays remuneration to its Managing Director and other Whole time Directors by way of salary and perquisites, which are fixed components and by way of commission, a variable component. Remuneration is paid in accordance with the recommendation made by the remuneration committee and approved by the Board of Directors and subject to further approval of the shareholders under the applicable provisions of the Companies Act, 1956.

Details of remuneration paid to the Executive Directors for the financial year 2012-13:

Pursuant to the approval accorded by the shareholders, the whole time directors were entitled to the following remuneration for the year, subject to there being adequate profit available.

Description	Shri S.Veea Reddy	Dr.S.Anand Reddy *	Shri S.Sreekanth Reddy
Salary (Rs.)	72,00,000	48,00,000	36,00,000
Perks (Rs.) (up to 75% of the salary)	54,00,000	36,00,000	27,00,000

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

However, due to inadequacy of profit for the year 2012-13, in accordance with the approval earlier given by the shareholders read with Schedule XIII to the Companies Act, 1956, the whole-time directors were paid a minimum remuneration as mentioned below:

Name of the Director	Category	Salary & Perquisites
Shri S.Veera Reddy	Managing Director	24,00,000
Dr.S.Anand Reddy *	Whole-time Director	30,75,000
Shri S.Sreekanth Reddy	Whole-time Director	24,00,000
Total		78,75,000

*Dr.S.Anand Reddy was re-appointed as Joint Managing Director w.e.f. 21st November 2012 and his re-appointment and remuneration paid / payable to him on the said re-appointment are subject to approval of the shareholders.



5. Shareholders' / Investors' Grievances Committee:

The Investors Grievances Committee of the Board, constituted in accordance with Clause 49 of the Listing Agreement, had the following directors as its members as on 31.3.2013:

Shri K.Rajendra Prasad	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 42 complaints from the investors during the year 2012-13 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, 2013. 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 2012-13.

6. Investment Committee:

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

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

Meetings held:

The Investment Committee met twice during 2012-13, i.e., on 12.12.2012 and 27.03.2013.

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
31 st AGM	20 th September, 2012	4.00 p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
30 th AGM	22 nd September, 2011	3.30 p.m.	
29 th AGM	20 th September, 2010	4.00 p.m.	

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

At the 30th AGM held on 22nd September, 2011, one Special Resolution for re-appointment of and payment of remuneration to Shri S.Veera Reddy as Managing (Whole-time) Director and two Special Resolutions for enhancement in the remuneration payable to Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director, were passed.

No Special Resolutions were passed at the 31st and 29th Annual General Meeting.



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

No Resolution was passed through Postal Ballot at the last (31st) Annual General Meeting. None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires passing of resolution through Postal Ballot.

8. Disclosures

i. Related Party Transactions:

Full disclosures of related party transactions as per the Accounting Standard 18 issued by the ICAI have been given under note 2.30 of the Notes to Financial Statements of the Annual Accounts for the year ended 31st March 2013. These transactions were entered into in the ordinary course of business. 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:

- (a) The Company has implemented the mandatory requirements of Clause 49 of the Listing Agreement.
- (b) 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.
- (c) The audited financial statements of the Company are unqualified.
- (d) The Company does not have a 'Whistle Blower Policy' as such. However no person has been denied access to the Audit Committee.

(e) Reconciliation of Share Capital Audit:

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

9. Subsidiary Companies:

The Company does not have any subsidiaries.

10. 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 2012-13 were published are given below:

Quarter ended	Date of Publication	Name of the news papers carrying the publication
30 th June, 2012	19.07.2012	Financial Express and Andhra Prabha
30 th September, 2012	18.10.2012	"
31 st December, 2012	24.01.2013	"
31 st March, 2013	23.05.2013	"

Website where displayed:

The Financial Results and Shareholding pattern of the Company are available on the Company's website 'sagarcements.in' and also 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 2012-13. 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.

11. General Shareholder information:

a. Annual General Meeting:

Date & Time : 4.00 p.m. on Wednesday, the 25th September, 2013
 Venue : Hotel Golkonda, Masab Tank, Hyderabad-500 028

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

c. Book Closure Dates : From 18.09.2013 to 25.09.2013 (both days inclusive)

d. Dividend payment date:

Board of Directors have recommended a dividend @ Re.1/- (10%) per share on the equity shares of the Company for the year 2012-13 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. Mumbai and BSE Ltd. Mumbai. 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 of India Limited, Mumbai	SAGCEM
BSE Limited, Mumbai	502090
ISIN	INE229C01013

g. Dividend Policy

Dividend, other than interim dividend is declared at the Annual General Meeting of the shareholders, based on the recommendation of the Board of Directors. Such recommendation is made by the Board, taking into account inter-alia, company's performance during the year under review, future expansion plans, capital requirements, liquidity position.

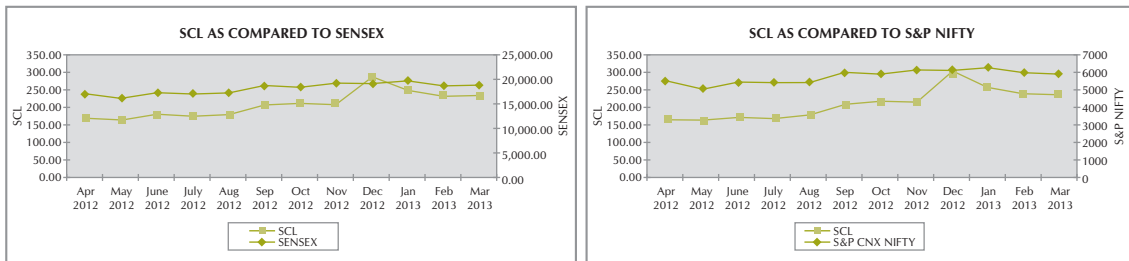


h. Market price details:

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

Month	BSE			NSE		
	High Price	Low Price	Close Price	High Price	Low Price	Close Price
April 2012	176.00	155.90	172.65	184.50	157.55	169.60
May 2012	175.00	160.10	168.00	194.00	160.10	171.00
June 2012	203.00	165.00	181.55	199.95	162.05	177.65
July 2012	214.40	167.05	177.75	213.50	165.00	175.20
August 2012	188.95	171.45	180.40	190.60	171.40	182.20
September 2012	225.00	175.00	210.00	224.80	173.05	208.95
October 2012	238.50	189.55	215.00	231.10	191.00	215.00
November 2012	227.50	201.25	211.85	219.55	200.00	215.00
December 2012	292.25	199.25	289.40	294.95	197.60	290.20
January 2013	304.65	230.80	253.00	303.00	231.00	250.40
February 2013	252.95	211.00	235.65	255.00	182.70	235.00
March 2013	234.00	213.50	234.00	241.00	210.00	233.85

Sagar Cements Shares' Price movements during the year 2012-13 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
 Website: karvycomputershare.com

j. Share Transfer System:

More than 90% of the equity shares of the Company are held in electronic form. Transfer of these shares is effected through the depositories with no involvement of the Company.

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



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

k. Shareholdings particulars as on 31st March 2013

(i) Distribution of shareholdings as on 31st March 2013.

Shareholding range	Holders	%	Shares held	%
50 and less	1591	20.0	42398	0.2
51 to 100	4747	59.8	468425	2.7
101 to 200	687	8.6	127421	0.7
201 to 300	223	2.8	63195	0.4
301 to 400	115	1.4	44380	0.3
401 to 500	190	2.4	93932	0.5
501 to 1000	204	2.6	167689	1.0
1001 to 5000	141	1.8	308304	1.8
5001 to 10000	19	0.2	147777	0.8
10001 to 20000	5	0.1	74624	0.4
20001 to 50000	5	0.1	151578	0.9
50001 to 100000	1	0.0	51389	0.3
Above 100000	15	0.2	15646902	90.0
Total	7943	100.0	17388014	100.0

(ii) Shareholding pattern as on 31st March 2013

Category	Holders	% of total holders	Shares	% of total holdings	Shares in Demat Format
Promoter Group - Individuals	9	0.11	8678608	49.91	8678608
Promoter Group - Corporates	2	0.03	344785	1.98	344785
Mutual Funds	7	0.09	1288025	7.41	1286425
FIs and Banks	5	0.06	4050	0.02	100
Foreign Corporate Bodies	1	0.01	1000000	5.75	0
Foreign Institutional Investors	1	0.01	3319	0.02	3319
Domestic Corporate Bodies	138	1.74	4009714	23.06	4003538
Individuals holding more than 10000 shares	8	0.10	669360	3.85	669360
Individuals holding 10000 and less shares	7660	96.44	1340389	7.72	806877
NRIs	35	0.44	18820	0.11	15048
HUFs	64	0.81	30382	0.17	30382
Clearing Members	13	0.16	562	0.00	562
Total	7943	100.00	17388014	100.00	15839004



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 91% of the share capital were kept in dematerialized form as on 31st March, 2013 as detailed below:

In Physical Form		In Demat Form				Total	
		With NSDL		With CDSL			
Shares	%	Shares	%	Shares	%	Shares	%
1549010	8.91	14960104	86.04	878900	5.05	17388014	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. Plants 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:
Plot No.111, Road No.10, Jubilee Hills
Hyderabad 500033
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, 2013.

Hyderabad
22nd May 2013

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, 2013, 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
22nd May 2013

K.Ranganathan
Partner
M.No.10842



Independent Auditors' Report

To
The Members
Sagar Cements Limited
Hyderabad

We have audited the accompanying financial statements of Sagar Cements Limited ('the company'), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss of the company and the Cash Flow Statement of the company for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b. in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended ('the Order') issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

2. **As required by Section 227 (3) of the Act, 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 purposes 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956;

For P.Srinivasan & Co.,
Chartered Accountants

Hyderabad
22nd May 2013

K.Ranganathan
Partner
Membership No.10842



Annexure to the Independent Auditors' Report

Referred to in Paragraph under the heading of "Report" on other Legal and Regulatory Requirements" of our report of even date.

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 any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, the provisions of Clause (b), (c) and (d) of paragraph 4 (iii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
8. According to the information and explanations given to us, the company has taken loan from a company covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion and to the best of our examination, the terms are not prejudicial to the interests of the company. The amount outstanding as on 31st March, 2013 is Rs.557.90 lakhs.
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 procedure 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 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 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, 2013 on account of disputes are given below:

Sl. No.	Name of the statute	Amount Rs.	Amount Deposited under protest Rs.	Period to which the amount relates	Nature of Dues	Forum where the dispute is pending
1	A.P. TRANSCO	1,73,50,747	1,08,02,441	1999-2000	Voltage Surcharge & grid supporting charges	Filed an appeal with Division Bench, High Court of A.P
2	Sales Tax Authorities	1,09,40,297	27,35,074	2009-2010	Tax on sale of Fixed Assets	Contested before the State Appellate Tribunal
		19,60,832	4,90,208	1999-2000	Interest on delayed payment	Filed an Appeal before the Appellate Tribunal
3	Income Tax Authorities	74,98,000	-	2006-2007	Disallowances of certain expenditure	Contested before the Commissioner
		75,29,000		2008-09, 2009-10 and 2010-11	Disallowance of expenditure U/s.14A	Contested before the Commissioner
4	Central Excise Authorities	2,24,95,200	1,95,00,000	2008-2009	Denying the benefit of Cenvat credit on capital goods	Filed an Appeal with CESTAT, Bangalore
		6,50,80,000	-	-	Denying the benefit of Cenvat credit on capital goods	Filed an Appeal with CESTAT, Bangalore
		59,41,000			Cement has been cleared to the contractors at a rate lesser than the market rate	Filed before Commissioner of Central Excise, Hyderabad III Commissionerate
		1,46,30,000		July 2008 to February 2011	Denying Cenvat credit against Service Tax paid on freight charged incurred for transportation of cement	Filed an appeal with CESTAT, Bangalore
		7,67,000	3,84,000	December 2006 to March 2010	Denying Cenvat credit on Input services such as Advertisement, audit and Telephone, Telex services used in relation to trading activity	Filed an Appeal with CESTAT, Bangalore
5	Road Transport Authority	28,50,000	3,20,000	2006-2007	Life Tax on dumpers used in captive mines	Filed an Appeal in High Court of A.P.



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, hence 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
22nd May 2013

K.Ranganathan
Partner
Membership No.10842



SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Balance Sheet as at 31st March 2013

Particulars	Notes	31 March 2013	31 March 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	1738.80	1738.80
Reserves and Surplus	2.2	24905.85	24231.30
Sub-Total : Shareholders' Funds		26644.65	25970.10
Non-Current Liabilities			
Long Term Borrowings	2.3	10264.92	7982.82
Deferred Tax Liabilities	2.4	4458.34	4460.56
Other Long Term Liabilities	2.5	4593.54	2288.97
Long Term provisions	2.6	101.23	123.24
Sub-Total : Non Current Liabilities		19418.03	14855.58
Current Liabilities			
Short Term Borrowings	2.7	6858.99	7771.27
Trade Payables	2.8	5360.94	6407.29
Other Current Liabilities	2.9	10465.12	9283.05
Short Term Provisions	2.10	526.79	1989.89
Sub-Total : Current Liabilities		23211.84	25451.51
TOTAL EQUITY AND LIABILITIES		69274.52	66277.19
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets - Gross			
		51349.09	49083.68
Accumulated Depreciation			
		17291.86	14747.11
Tangible Assets	2.11	34057.23	34336.57
Capital Work - in- Progress		2154.11	687.06
Non - Current Investments	2.12	8602.65	8602.65
Long Term Loans & Advances	2.13	2270.68	2357.37
Sub-Total : Non - Current Assets		47084.67	45983.65
Current Assets			
Inventories	2.14	6522.09	8568.92
Trade Receivables	2.15	5329.55	4844.82
Cash and Cash Equivalents	2.16	2460.08	272.00
Short Term Loans and Advances	2.17	4116.19	4398.50
Other Current Assets	2.18	3761.94	2209.28
Sub-Total : Current Assets		22189.85	20293.54
TOTAL ASSETS		69274.52	66277.19
Summary of Significant Accounting Policies		1 & 2	
The accompanying notes are an integral part of the Financial Statements			

As per our Report of even date attached

For and on behalf of the Board

For P.Srinivasan & Co.,
Chartered Accountants

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

K.Ranganathan
Partner
M.No. 10842

S.Sreekanth Reddy
Executive Director

K.Prasad
General Manager (Finance)

Hyderabad
22nd May, 2013

R.Soundararajan
Company Secretary



STATEMENT OF PROFIT AND LOSS

SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Statement of Profit and Loss for the period ended 31st March 2013

Particulars	Notes	31 March 2013	31 March 2012
REVENUE			
Revenue from Operations (Gross)	2.19	63904.03	66909.29
Less : Excise Duty		8052.48	7426.57
Revenue from Operations (Net)		55851.55	59482.72
Other Income	2.20	2602.95	1200.02
Total Revenue		58454.50	60682.74
EXPENSES			
Cost of Materials Consumed	2.21	5345.20	5402.25
Change in Inventories of Finished Goods and Work-in-Progress	2.22	614.25	1301.02
Manufacturing Expenses	2.23	26570.29	23241.09
Employee Benefit Expenses	2.24	2303.40	2655.99
Other Expenses	2.25	16799.21	15613.30
Finance Costs	2.26	3055.38	3418.13
Depreciation	2.11	2674.39	2589.62
Total Expenses		57362.12	54221.40
Profit/(Loss) before Tax		1092.38	6461.35
Tax Expense:			
Current Tax		284.09	1292.67
Tax related to earlier Years		-67.47	0.00
Deferred Tax Charge/(Credit)		-2.22	862.82
MAT Credit Entitlement (Credit)		0.00	105.78
Total of Tax Expenses		214.40	2049.71
Profit for the period		877.98	4411.64
Basic Earnings per share of Rs.10/- each	2.27	Rs.5.05	Rs.25.37
Diluted Earnings per share of Rs.10/- each	2.27	Rs.5.05	Rs.25.37

As per our Report of even date attached

For P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner
M.No. 10842
Hyderabad
22nd May, 2013

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

For and on behalf of the Board

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
General Manager (Finance)

R.Soundararajan
Company Secretary



SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

Cash Flow Statement For the Period Ended 31.03.2013 (As Per New Schedule VI)

Particulars	31.03.2013		31.03.2012	
A Cash flow from Operating Activities				
Profit before Tax		1092.38		6461.35
Adjustments for				
Depreciation		2674.39		2589.62
Interest and Finance charges		3055.38		3418.13
Dividends received		(0.52)		-(0.52)
Profit on Sale of Assets		(426.01)		(4.87)
Loss on Sale of Assets		0.09	5303.33	2.19
Cash Generated from Operations		6395.71		12465.90
Less: Expenses				
Interest and Finance charges		3102.46		3449.58
Income Tax paid		439.59	3542.05	1374.27
Operating Profit before Working Capital Changes		2853.66		7642.05
Movement of Working Capital				
Increase/(Decrease) in Trade Payables		(1046.35)		2772.87
Increase/(Decrease) in Long Term Provisions		(22.00)		70.99
Increase/(Decrease) in Short Term Provisions		13.95		15.72
Increase/(Decrease) in Other Current Liabilities		942.56		719.22
Increase/(Decrease) in Other Long Term Liabilities		1746.67		(23.29)
Decrease/(Increase) in Trade Receivables		(484.73)		(250.61)
Decrease/(Increase) in Inventories		2046.84		(2815.03)
Decrease/(Increase) in Short Term Borrowings		(912.28)		204.90
Decrease/(Increase) in Short Term Loans & Advances		(653.55)		328.73
Decrease/(Increase) in Other Current Assets		(1552.65)		(507.01)
Net Movement of Working Capital		78.46		516.50
Net Cash Generated from Operations		2932.12		8158.55
B Cash Flow from Investing Activities				
Dividend Received		0.52		0.52
Purchase of Fixed Assets & Long Term Loans, Advances		(3828.94)		(3604.60)
Sale of Fixed Assets		479.43		12.84
Net Cash used in Investing Activities		(3348.99)		(3591.24)
C Cash flow from Financing Activities				
Receipt of Hire Purchase Loans		0.00		998.37
Receipt of Term Loan		7500.00		0.00
Receipt/ (Payment) of Unsecured loan		557.90		(605.17)
Dividend paid		(521.64)		(347.76)
Repayment of Term Loans & Hire purchase Loans		(4931.31)		(4626.66)
Net Cash generated from Financing Activities		2604.95		(4581.22)
Net Increase in Cash and Cash Equivalent		2188.08		(13.91)
Cash and Cash equivalent at the beginning of the year		272.00		285.91
Cash and Cash equivalent at the end of the year		2460.08		272.00

As per our Report of even date attached

For and on behalf of the Board

For P.Srinivasan & Co.,
Chartered Accountants

S.Veera Reddy
Managing Director

Dr.S.Anand Reddy
Joint Managing Director

K.Ranganathan
Partner
M.No. 10842

S.Sreekanth Reddy
Executive Director

K.Prasad
General Manager (Finance)

Hyderabad
22nd May, 2013

R.Soundararajan
Company Secretary



SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, except share data and unless otherwise stated

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Assumptions

The financial statements of Sagar Cements Ltd have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the basis of a going concern and on accrual basis. GAAP comprises accounting standards notified by the Central Government of India U/s.211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

b) Fixed Assets and depreciation

Fixed Assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use, are capitalized.

Depreciation on plant and machinery is charged under straight line method and on other assets depreciation is charged under WDV method, applying the rates worked out in accordance with Schedule XIV of the Companies Act, 1956. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than Rs.5,000 are depreciated in full in the year of acquisition. Freehold land is not depreciated.

c) Revenue recognition

Sales are recognized on dispatch of goods to customers and include excise duty but exclude returns and taxes on sales collected from the customers on behalf of the government.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits and loans is recognized on the time proportionate method.

d) Investments

Investments are either classified as current or long term. Current investments are carried at the lower of cost and market value. Long term investments are carried at cost less any permanent diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

e) Inventories

Inventories including work-in-progress are valued at lower of cost and net realizable value. Cost of inventory comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of Raw Materials, Stores and Spares and Packing Materials is determined by using the Weighted Average Cost Method. The cost of Work-in-Progress and Finished Goods is determined by weighted average Cost Method and includes appropriate share of production overheads.



f) **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.

Gratuity

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 a 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.

Employee Leave Encashment

The leave encashment payable to the employees is provided based on the actuarial valuation carried out in accordance with the AS 15 and is not funded.

Provident fund

The company has a defined contribution plan for Provident Fund under which the company contributes the fund to the Regional Provident Fund Commissioner.

Superannuation

The company contributes to superannuation, which is a defined contribution plan as per the policy taken out for the purpose. The company fully contributes all ascertained liabilities to the superannuation fund maintained with Life Insurance Corporation of India.

g) **Income-Tax expense**

Income tax expense comprises current tax and deferred tax charge or credit.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred tax

Deferred tax charge or credit reflects the tax effects due to timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.



Minimum alternate tax credit

MAT credit entitlement represents the amounts paid in a year under Section 115JB of the Income Tax Act 1961 (IT Act) which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward to set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT credit entitlement", in the balance sheet with a corresponding credit to the profit and loss account, as a separate line item.

h) Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

i) Provisions and contingent liabilities

The Company creates a provision where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow resources is remote, no provision or disclosure is made.

j) Government Grants

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.

All amounts in Rupees Lakhs, except share data and unless otherwise stated

2. Notes to Financial Statements for the year ended 31 March 2013

2.1 SHARE CAPITAL

Particulars	31 March 2013	31 March 2012
Authorized		
2,00,00,000 (31 March 2012: 2,00,00,000) Equity Shares of Rs.10 each	2000.00	2000.00
20,00,000 (31 March 2012 : 20,00,000) Preference shares of Rs.10 each	200.00	200.00
Total	2200.00	2200.00
Issued, Subscribed & Paid-up		
1,73,88,014 (31 March 2012: 1,73,38,014) Equity shares of Rs.10 each	1738.80	1738.80
Total	1738.80	1738.80



(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity shares	31 March 2013		31 March 2012	
	No. of shares	Rs. Lakhs	No. of shares	Rs. Lakhs
At the beginning of the period	17,388,014	1738.80	15,002,300	1500.23
No. of shares issued during the year	0	0	2,385,714	238.57
Outstanding at the end of the period	17,388,014	1738.80	17,388,014	1738.80

1. The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend, if and when proposed by the Board of Directors is subject to the approval of the shareholders.
2. For the year ended 31 March 2013, the amount of per share dividend recognized as distribution to equity shareholders is Re.1/- (31 March 2012: Rs.3/- per share).
3. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of Shareholders holding more than 5% shares in the company

Shareholder's Name	31 March 2013		31 March 2012	
	No. of Shares	% of holding	No. of Shares	% of holding
S.Veera Reddy	1643795	9.45	1643795	9.45
S.Aruna	1369545	7.88	1369545	7.88
S. Rachana	1153230	6.63	1153230	6.63
S.Anand Reddy	1142312	6.57	1137743	6.54
S.Sreekanth Reddy	1085757	6.24	1085757	6.24
S.Vanajatha	990769	5.70	990769	5.70
AVH Resources Limited	2727032	15.68	2636366	15.16
SBI Mutual Fund			1170000	6.73
Twinvest Financial Services Limited	1142985	6.57	1142985	6.57
Parficim S.A.S (A Subsidiary of Vicat S.A)	1000000	5.75	1000000	5.75

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



2.2 RESERVES AND SURPLUS

Particulars	31 March 2013	31 March 2012
Capital Reserve		
Balance as per the last Financial Statement	34.99	34.99
Add: Additions created during the year	0.00	0.00
Less: Deductions during the year	0.00	0.00
	34.99	34.99
Securities Premium Reserve	10503.06	10503.06
General Reserve		
Balance as per the last Financial Statement	3598.40	1598.40
Add: Amount transferred from surplus	0.00	2000.00
Closing balance	3598.40	3598.40
Profit & Loss Account		
Balance as per the last Financial Statement	10094.85	8289.49
Add: Profit & Loss Account	877.98	4411.64
Less: Proposed Dividend	173.88	521.64
Less: Tax on Proposed Dividend	29.55	84.64
Less: Transfer to General Reserve	0.00	2000.00
Total Appropriations	203.43	2606.28
Closing balance	10769.40	10094.85
Total	24905.85	24231.30

2.3 LONG-TERM BORROWINGS

Particulars	31 March 2013	31 March 2012
Secured		
Term Loans from Financial Institutions - Indian Rupees		
Andhra Pradesh State Financial Corporation (Refer Note 5)	181.94	300.30
Term Loans from Banks - Indian Rupees		
IDBI Bank Ltd (Refer Note No.1)	0.00	1500.00
State Bank of India (Refer Note No.2)	0.00	725.96
State Bank of Hyderabad (Refer Note No 3)	0.00	715.09
State Bank of Hyderabad (Refer Note No 4)	2375.00	3600.00
L & T Finance Ltd. (Refer Note No.6)	1604.91	0.00
L & T Infrastructure Finance Co. Ltd. (Refer Note No.7)	3000.00	0.00
State Bank of India (Refer Note No.8)	2325.00	0.00
Total	9486.85	6841.35
Other Loans & Advances (Unsecured)		
Sales Tax Deferment (Refer Note No.9)	500.61	500.61
Hire Purchase Loans (Secured)		
Vehicle Loans from Banks (Refer Note No 10)	277.46	640.86
Total	778.07	1141.47
Total of Secured & Unsecured	10264.92	7982.82



Details of Term loans from Financial Institutions	Loan Amount (Rs.in lakhs)	Loan Disbursed	Installments started / to start in	No. of monthly Installments	Installments Paid up to March, 2013
IDBI Bank Ltd.(Refer Note No.1)	10000.00	April 2008	Jan.,2009	60	51
State Bank Of India (Refer Note No.2)	4500.00	April 2008	Jan., 2009	60	51
State Bank of Hyderabad (Refer Note No 3)	5000.00	April 2008	Jan.,2009	60	51
State Bank of Hyderabad (Refer Note No. 4)	4500.00	Nov., 2010	Dec.2010	60	28
Andhra Pradesh State Financial Corporation (Refer Note No.5)	500.00	Nov., 2010	May 2011	60	23
L&T Finance Ltd. (Refer Note No.6)	2000.00	Nov.,2012	June 2013	31	0
L&T Infrastructure Finance Company Limited (Refer Note No.7)	9800.00	Feb., 2013	August 2015	27 Quarterly Installments	0
State Bank of India (Refer Note No.8)	2500.00	March,2013	Sept., 2013	60 Monthly installments	0

1. Term Loan of Rs.10000 lakhs was taken from IDBI Bank during the year 2008-09 and it is repayable in 60 monthly installments of Rs.167 lakhs each. The loan carries an interest at 175 bps below the Bench Mark Prime Lending rate and is payable at monthly rests. As of 31.03.2013, out of 60 installments, 51 installments were paid and 9 installments are to be paid. Rate of interest as on 31.03.2013 is 13.50% (31.03.2012: 14%). The term loan is secured by a pari-passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.
2. Term Loan of Rs.4500 lakhs was taken from State Bank of India during the year 2008-09 and it is repayable in 60 monthly installments of Rs.75 lakhs each. The loan carries an interest at 0.50% below State Bank Advance Rate and is payable at monthly rests. As of 31.03.2013 out of 60 installments, 51 installments were paid and 9 installments are to be paid. Rate of interest as on 31.03.2013 is 14.15% (31.03.2012: 14.75%). The term loan is secured by a pari-passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.
3. Term Loan of Rs.5000 lakhs was taken from State Bank of Hyderabad during the year 2008-09 and it is repayable in 60 monthly installments of Rs.83.30 lakhs each. The loan carried an interest at 75 base points below the prime lending rate of the Bank and is payable at monthly rests. As of 31.03.2013, out of total 60 installments, 51 installments were paid and 9 installments are to be paid. Rate of interest as on 31.03.2013 is 14.25% (31.03.2012 : 14.25%). The term loan is secured by a pari-passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.
4. Term Loan of Rs.4500 lakhs was taken from State Bank of Hyderabad during the year 2010-11 and it is repayable in 60 monthly installments from December, 2010. As of 31.03.2012 out of 60 installments, 28 Installments were paid and 32 installments are to be paid every month at Rs.100 lakh for first 24 installments, Rs.150 lakh for next 7 installments and the last installment at Rs.125 lakh. The interest was fixed at 4.25% above Basic Rate of interest. Rate of interest as on 31.03.2013 is 14.75% (31.03.2012: 13.25%). The term



loan is secured by a pari-passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.

5. Term Loan of Rs.500 lakhs was taken from Andhra Pradesh State Financial Corporation during the year 2010-11 and it is repayable in 55 monthly installments of Rs.9.10 lakhs each. As of 31.03.2013 out of 55 installments, 23 installments were paid and 32 installments are to be paid. The interest was fixed at 3% below Bench Mark Prime Lending rate of interest. Rate of interest as on 31.03.2013 is 13% (31.03.2012: 13.00%). The term loan is secured by a pari-passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.
6. Term Loan of Rs.2000 lakhs was taken from L & T Finance Ltd., during the year 2012-13 and it is repayable in 31 monthly installments from June, 2013. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.2013 is 13.00%. The term loan is secured by a second pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company and are guaranteed by Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.
7. L & T Infrastructure Finance Co.Ltd., has sanctioned a Term Loan for Railway Siding Project for an amount of Rs.9800 lakhs during the financial year 2012-13 and the company has drawn an amount of Rs.3000 lakhs up to 31.03.2013. The principle loan amount would be repayable in 27 quarterly installments from June, 2015 onwards. The loan was sanctioned carries an interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. Present rate of interest as on 31.03.2013 is at 13.00%. The term loan is secured by a pari-passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company.
8. Term Loan of Rs.2500 lakhs was taken from State Bank of India, during the year 2012-13 and it is repayable in 60 monthly installments starting from September, 2013 onwards. The repayment pattern would be Rs.25 lakhs each for first 28 installments and Rs.56 lakhs for the next 31 installments and Rs.64 lakhs for the final installment. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.2013 is 13.00%. The term loan from State Bank of India is secured by a pari-passu charge on the fixed assets i.e, Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the company both present and future, and by a second charge on the current assets of the company and are guaranteed by Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.
9. Sales Tax Deferred amount:
The repayment schedule is as under:

(Rs. in Lakhs)

FY 2014-15	2.90
FY 2015-16	89.79
FY 2016-17	218.57
FY 2017-18	189.35
Total	500.61



10. Vehicle Loans from various Banks / Financial Institutions were secured by the Hypothecation of Specific assets purchased from those loans and further secured by personal guarantees of Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy Executive Director.

2.4 DEFERRED TAX LIABILITY

Particulars	31 March 2013	31 March 2012
Deferred Tax Liabilities	4458.34	4460.56

2.5 OTHER LONG TERM LIABILITIES

Particulars	31 March 2013	31 March 2012
Deposits from Dealers	2650.19	1742.20
Unsecured Loans	957.90	400.00
Sundry Creditors - Capital Goods	985.45	146.77
Total	4593.54	2288.97

2.6 LONG TERM PROVISIONS

Particulars	31 March 2013	31 March 2012
Provision for Employee Benefits		
Provision for Gratuity	101.23	123.24
Total	101.23	123.24

2.7 SHORT TERM BORROWINGS

Particulars	31 March 2013	31 March 2012
1. Cash Credit Loans from Banks (Secured)		
State Bank of Hyderabad	2985.12	3515.84
State Bank of India	2604.37	2904.96
IDBI Bank Ltd	1018.72	1122.08
Total	6608.21	7542.88
2. Bills Discounting	250.78	228.39
Total Short Term Borrowings	6858.99	7771.27

Cash credit Loans from Banks are secured against Stocks of Raw materials, Finished goods and Trade Receivables, Stores & Spares, 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. The cash credit is repayable on demand and carries interest @ 9.80% to 14.5%.

2.8 TRADE PAYABLES

Particulars	31 March 2013	31 March 2012
Trade payables	5360.94	6407.29

Out of the said amount Rs.17.41 lakhs (Previous Year : Rs.1.30 lakhs) pertains to Micro, Small and Medium enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company. There is no interest payable to such parties as at 31st March 2013.



2.9 OTHER CURRENT LIABILITIES

Particulars	31 March 2013	31 March 2012
1. Current Maturities of Long Term Borrowings		
Andhra Pradesh State Financial Corporation	109.20	238.89
State Bank of Hyderabad (STCL)	1200.00	525.00
State Bank of Hyderabad	715.09	1000.00
State Bank of India	725.96	900.00
L & T Finance Ltd.	395.08	0.00
L & T Infrastructure Finance Co. Ltd.	0.00	0.00
State Bank of India	175.00	0.00
IDBI Bank Ltd.	1500.00	2000.00
Total of Term Loans	4820.33	4663.89
Hire Purchase Loans	492.00	361.85
Total of Current Maturities on Long Term Borrowings	5312.33	5025.74
2. Other Liabilities		
Advances from Customers	1351.22	1495.52
Sundry Creditors for Transport and Other Expenses	1907.11	1093.16
Value added Tax & CST Payable	804.92	774.08
Excise duty Payable	51.72	50.11
TDS Payable	45.68	54.22
Employee related payables P.F.,ESI & Others	14.23	15.75
Unclaimed dividends (Note)	45.82	40.71
Interest Accrued but not Due	89.03	136.12
Commission on Profits Payable	0.00	316.15
Others	843.06	281.49
Total Other Liabilities	5152.79	4257.31
Total Other Current Liabilities	10465.12	9283.05

Note: Investor education and Protection Fund will be credited by this amounts as and when due.

2.10 SHORT TERM PROVISIONS

Particulars	31 March 2013	31 March 2012
Provision for Income Tax	218.46	1292.67
Provision for Dividend	173.88	521.64
Provision for Dividend tax	29.55	84.64
Provision for Employee Bonus & Ex-gratia	104.71	90.30
Others	0.19	0.65
Total	526.79	1989.89

NON CURRENT ASSETS

2.11 FIXED ASSETS (TANGIBLE)

Particulars	31 March 2013	31 March 2012
Fixed Assets (Tangible)	51349.09	49083.68
Less: Accumulated Depreciation	17291.86	14747.11
Net Fixed Assets	34057.23	34336.57



2.11 FIXED ASSETS (TANGIBLE)

Particulars	Land	Buildings	Plant and Machinery	Plant and Machinery [DG Sets]	Electrical Installations	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Other Equipment	Total
Cost Or Valuation											
At 1st April 2011	1226.57	8337.90	29261.62	279.67	3918.77	204.75	167.85	375.54	661.42	2403.98	46838.07
Additions	595.93	589.77	513.79	0.00	8.85	2.13	11.25	14.08	116.89	443.17	2295.86
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.26	0.00	50.26
At 31st March 2012	1822.50	8927.67	29775.41	279.67	3927.62	206.88	179.10	389.62	728.05	2847.15	49083.67
Additions	620.04	1018.06	97.47	0.00	0.00	222.96	253.82	30.83	135.08	70.40	2448.66
Disposals	27.66	24.00	0.00	0.00	2.00	0.00	0.00	0.00	126.58	3.00	183.24
At 31st March 2013	2414.88	9921.73	29872.88	279.67	3925.62	429.84	432.92	420.45	736.55	2914.55	51349.09
Depreciation											
At 1st April 2011	0.00	1506.27	6655.70	194.39	1544.65	95.75	77.55	256.32	412.86	1454.14	12197.63
Charge for the year	0.00	361.78	1501.56	14.77	322.24	19.82	12.86	41.38	72.03	243.18	2589.62
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.14	0.00	40.14
At 31st March 2012	0.00	1868.05	8157.26	209.16	1866.89	115.57	90.41	297.70	444.75	1697.32	14747.11
Charge for the year	0.00	392.69	1519.06	14.77	278.89	23.54	16.63	30.89	87.82	310.10	2674.39
Disposals	0.00	20.43	0.00	0.00	1.86	0.00	0.00	0.00	105.52	1.83	129.64
At 31st March 2013	0.00	2240.31	9676.32	223.93	2143.92	139.11	107.04	328.59	427.05	2005.59	17291.86
Net Block											
At 31st March 2012	1822.50	7059.62	21618.16	70.51	2060.74	91.31	88.69	91.93	283.29	1149.82	34336.57
At 31st March 2013	2414.88	7681.42	20196.56	55.74	1781.70	290.73	325.88	91.86	309.50	908.96	34057.23



2.12 NON CURRENT INVESTMENTS

Particulars	31 March 2013	31 March 2012
Non Trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (Unquoted) - Associate Company		
6,52,36,399 Equity Shares of Rs.10 each in Vicat Sagar Cement Private Ltd., (March 31, 2012: 6,52,36,399 Equity Shares)	8600.00	8600.00
26,000 Equity Shares of Rs.10 each in Panchavati Polyfibres Ltd., (March 31, 2012: 26,000 Equity Shares)	2.60	2.60
Investment in equity instruments (Unquoted) - Others		
500 Equity Shares of Rs.10 each in PCL Financial Services Ltd., (March 31, 2012: 500 Equity Shares)	0.05	0.05
Total	8602.65	8602.65

2.13 LONG-TERM LOANS & ADVANCES

Particulars	31 March 2013	31 March 2012
Unsecured considered good		
Capital Advances		
Advance for Land	21.98	211.84
Advances to Capital goods	840.04	562.70
Total of Capital Advances	862.02	774.54
Security Deposits		
Securities Considered Good		
Deposits with APSEB	969.26	768.86
Deposits with Banks	0.00	385.00
Total of Security Deposits	969.26	1153.86
Other Loans & Advances		
Rental Deposit	40.50	40.50
Deposit with South Central Railways and Suppliers	50.00	50.00
Total of Loans & Advances	90.50	90.50
Deposits in disputed cases		
Advance to Central Excise	198.84	195.00
Deposits with APSEB	108.02	108.22
APGST paid under protest	35.45	35.25
Deposit with Road Transport Authority	6.59	0.00
Advance Paid under Protest	348.90	338.47
Total	2270.68	2357.37



2.14 INVENTORIES (Valued at lower of cost and net realisable value)

Particulars	31 March 2013	31 March 2012
Raw Materials	578.41	349.65
Work in Progress	519.32	1330.10
Finished Goods	649.21	452.68
Stores	1833.01	1507.75
Packing Materials	334.87	233.96
Coal	2033.48	1608.71
Goods in Transit		
Coal	566.24	3074.17
Raw Materials	7.55	4.24
Packing Materials	0.00	7.65
Fly Ash	0.00	0.01
Total	6522.09	8568.92

2.15 TRADE RECEIVABLES

Particulars	31 March 2013	31 March 2012
Debtors outstanding for a period exceeding six months		
Secured, considered good	66.63	56.27
Unsecured, considered good	366.37	207.37
Total	433.00	263.64
Debtors outstanding for a period less than six months		
Secured, considered good	2260.91	2272.59
Unsecured, considered good	2635.64	2308.59
Total	4896.55	4581.18
Total Trade Receivables	5329.55	4844.82

2.16 CASH & CASH EQUIVALENTS

Particulars	31 March 2013	31 March 2012
Cash in Hand	13.26	1.84
Cash at Banks	307.70	217.18
Gold Coins at cost	2.32	5.79
On Dividend accounts	45.82	40.71
Deposits with Banks	2090.98	6.48
Total	2460.08	272.00



2.17 SHORT TERM LOANS AND ADVANCES

Particulars	31 March 2013	31 March 2012
Advances to Suppliers	994.85	941.59
Advances to Others	180.99	218.22
Deposits with Suppliers	638.72	425.20
Balances with Income Tax Authorities	1600.69	2536.56
Central Excise & Cenvat & Service Tax Receivable	195.24	276.91
Advance paid under Protest	505.70	0.00
Others	0.00	0.02
Total	4116.19	4398.50

2.18 OTHER CURRENT ASSETS

Particulars	31 March 2013	31 March 2012
Incentives Receivable from A.P Government	3289.39	2046.55
Other Current Assets	237.04	162.73
Excise Duty Refund Receivable	235.51	0.00
Total	3761.94	2209.28

2.19 REVENUE FROM OPERATIONS

Particulars	31 March 2013	31 March 2012
Sale of Products (Note)	63904.03	66909.29
Less: Excise Duty	8052.48	7426.57
Net Sales	55851.55	59482.72

Note: Reconciliation of sale of products

Particulars	31 March 2013	31 March 2012
Sale of Products including taxes on sale	72120.29	75468.80
Less: Taxes On Sale	8216.26	8559.51
Sale of Products	63904.03	66909.29

2.20 OTHER INCOME

Particulars	31 March 2013	31 March 2012
Interest Income	99.08	58.79
Dividend Income	0.52	0.52
Net gain on sale of Investments	426.01	0.00
Other Income*	2076.92	1128.65
Sale of Scrap and Others etc.	0.42	12.06
Total	2602.95	1200.02



- *Note:**
1. As per Andhra Pradesh State Industrial Policy 2005-10, the 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.1841.41 lakhs (Previous year: Rs.1128.65 lakhs) during the year to the State Level Committee. This amount has been considered as Operating Income during the current year and shown in other Operating income.
 2. The company has filed an application with Central Excise Department to refund the amount of Rs.235.51 lakhs towards Excise Duty paid against sales, a part of which has been allowed as price difference to the dealers and stockists during the period from April, 2011 to March, 2012 and the same was considered as Other Income during the financial year. The application is pending before Central Excise Department.

2.21 COST OF MATERIAL CONSUMED

Particulars	31 March 2013	31 March 2012
Raw materials Inventory at the Beginning of the year	342.00	329.98
Add: Purchases	5581.60	5414.27
Total	5923.60	5744.25
Less: Inventory at the end of the year	578.40	342.00
Cost of Raw materials consumed	5345.20	5402.25
Details of Raw materials consumed		
Limestone	2389.85	2337.40
Laterite	662.75	492.92
Iron ore/Iron ore sludge	230.05	67.51
Mill-scale	247.73	528.96
Gypsum	1004.85	1247.22
Fly Ash	809.97	656.35
Others	0.00	71.89
Total	5345.20	5402.25
Details of Inventory		
Limestone	185.75	145.27
Laterite	68.78	61.12
Iron ore/Iron ore sludge	275.29	3.59
Mill-scale	0.00	59.18
Gypsum	45.47	70.43
Fly Ash	3.11	2.41
Total	578.40	342.00



2.22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	31 March 2013	31 March 2012
Closing stock of Work in Progress	519.32	1330.10
Closing stock of Finished goods	649.21	452.68
Total	1168.53	1782.78
Opening stock of Work in Progress	1330.10	2450.80
Opening stock of Finished goods	452.68	633.00
Total	1782.78	3083.80
(Increase) /Decrease in stocks	614.25	1301.02

2.23 OTHER MANUFACTURING EXPENSES

Particulars	31 March 2013	31 March 2012
Coal consumed	13326.71	13174.34
Power	7755.11	5463.72
Packing Material	2721.59	2354.68
Stores & Spares consumed	1616.83	1450.41
Repairs & Maintenance - Plant & Machinery	903.13	547.97
Repairs & Maintenance - Buildings	57.09	75.12
Repairs & Maintenance - Vehicles	14.68	28.17
Repairs & Maintenance - Others	118.85	86.20
Colony Maintenance	27.39	34.29
Vehicle Maintenance	28.91	26.19
Total	26570.29	23241.09

2.24 EMPLOYEE BENEFIT EXPENSES

Particulars	31 March 2013	31 March 2012
Salaries, Wages, Bonus & Allowances	1990.37	2324.18
Contribution to Provident Fund & Other Funds	116.49	103.04
Staff welfare expenses	196.54	228.77
Total	2303.40	2655.99



2.25 OTHER EXPENSES

Particulars	31 March 2013	31 March 2012
Transportation paid	10900.77	10391.22
Selling expenses	4941.62	4237.46
Security services	64.43	61.68
Administrative expenses	228.16	174.72
Legal, Consultancy & Professional expenses	103.99	89.06
Payments to auditors (refer details below)	9.29	8.49
Insurance	115.39	118.35
Travelling and Conveyance	163.34	104.18
Rent Paid	149.02	62.39
Rates, Taxes & Licenses	48.25	60.58
Donations	45.85	34.76
Incentives excess provision written off	12.44	242.50
Other Expenses	16.66	27.91
Total	16799.21	15613.30

PAYMENT TO AUDITORS

Internal Audit Fees	2.00	1.60
Internal Audit Expenses	0.24	0.28
Audit Fees	5.00	5.00
Reimbursement of Audit Expenses	0.00	0.03
Cost Audit Fees	2.00	1.55
Reimbursement of Cost Audit Expenses	0.05	0.03
Total Payment to Auditors	9.29	8.49

2.26 FINANCE COST

Particulars	31 March 2013	31 March 2012
Interest		
on Term Loans	1379.93	1903.36
on Working Capital Loans	995.57	1018.68
Sub-Total : Interest	2375.50	2922.04
Bank charges & Others	679.88	496.09
Total Finance Cost	3055.38	3418.13



2.27 EARNINGS PER SHARE

Particulars	31 March 2013		31 March 2012	
	Disputed Amount	Paid under Protest	Disputed Amount	Paid Under Protest
1. Net Profit & Loss for the period	877.98		4411.64	
Shares				
Number of shares at the beginning of the period	17388014		15002300	
Add: Shares issued during the period	0		2385714	
Total number of shares outstanding at the end of the period	17388014		17388014	
2. Earnings per share of par value Rs.10/- Basic and Diluted in Rupees				
Basic	5.05		25.37	
Diluted	5.05		25.37	

2.28 CONTINGENT LIABILITIES

Particulars	31 March 2013		31 March 2012	
	Disputed Amount	Paid under Protest	Disputed Amount	Paid Under Protest
AP TRANSCO Voltage surcharge and grid supporting charges (Refer Note: 1)	173.50	108.00	173.50	108.00
Demand by Sales Tax Authorities year 2009-10-Sale of Fixed Assets (Refer Note: 2)	109.40	27.40	109.40	27.40
Demand by Sales Tax authorities year 1999-2000 - Interest on delayed payment (Refer Note: 3)	19.60	4.90	19.60	4.90
Demand by Income tax Department Assessment year 2006-07 disallowances (Refer Note: 4)	75.00	0.00	75.00	0.00
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note: 5)	225.00	195.00	225.00	195.00
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note: 6)	650.80	0.00	650.80	0.00
Demand by Road Transport Authority, Nalgonda for payment of Life Tax on dumpers used in the mines (Refer Note No.: 7)	28.50	3.20	28.50	3.20
Demand Raised by Central Excise Department (Refer Note No: 8)	59.41	0.00	0.00	0.00
Demand Raised by Central Excise Department (Refer Note No: 9)	146.30	0.00	0.00	0.00
Demand Raised by Central Excise Department (Refer Note No:10)	7.67	3.84	0.00	0.00
Disallowance of Expenditure U/s 14A (Refer Note No: 11)	75.29	0.00	0.00	0.00
Bank Guarantees	376.93	0.00	335.30	0.00



1. APTRANSCO had raised a demand of Rs.173.50 lakhs towards voltage surcharge and grid supporting charges and the company has paid Rs.108.00 lakhs under protest. The said demand is contested by the company and the matter is pending before the Division Bench of the Honorable High Court of Andhra Pradesh.
2. In the year 2009-10, Sales Tax Authorities raised a demand for Rs.109.40 lakhs in respect of tax on sale of fixed assets. The company has paid an amount of Rs.27.40 lakhs and contested before the Sales Tax Appellate Tribunal.
3. Demand raised by the Sales Tax Authorities for a sum of Rs.19.60 lakhs towards interest U/s.16(3) of the APGST Act, on delayed payment of tax for the AY 1999-2000. The company filed an appeal with Sales Tax Appellate Tribunal by paying an amount of Rs.4.90 Lakhs.
4. The Income Tax Department had raised a demand of Rs.75.00 lakhs on disallowances of certain expenditure related to the AY 2006-07 and the same is contested before the Commissioner Appeals.
5. The Excise Department had raised a demand of Rs.225.00 lakhs denying the benefit of Cenvat credit on dumpers used in captive mines. The company has paid an amount of Rs.195 lakhs under protest and filed an appeal with CESTAT, Bangalore. Matter is pending before CESTAT.
6. The Excise Department had raised a demand of Rs.650.80 lakhs denying the Cenvat credit on MS Steel, Cement, TMT bars etc., used in expansion. The company has contested the same before CESTAT and the matter is pending for hearing.
7. Show Cause Notice has been received from the RTA, Nalgonda demanding Life Tax on dumpers purchased during year 2006 - 2010 and used in the captive mines. The matter is contested and pending in the Honorable High Court of Andhra Pradesh.
8. Additional Director General Intelligence Hyderabad has issued a Show Cause Notice No. 26/2012(OR Mo.53/2012) dated 27-03-13 for an amount of Rs.59.41 lakhs and an equal amount of penalty along with interest on the ground that cement has been cleared to the contractors at a rate which is lesser than the price at which the cement was sold in the normal course of transaction, resulting into a short payment of Central excise duty. Appeal is to be filed before the Commissioner of Central Excise Hyderabad III Commissionerate (Adjudicating Authority) in this regard.
9. The Commissioner of Central Excise, Customs and Service Tax, Hyderabad III Commissionerate has raised a Demand for Rs.136.30 lakhs along with interest and also imposed a penalty Rs.10.00 lakhs on the ground that the Company has availed Cenvat Credit against Service Tax paid on the freight charges incurred for the transportation of cement beyond the place of removal during the period from July 2008 to February 2011. Matter is pending before CESTAT Bangalore.
10. The Commissioner (Appeals) of Central Excise, Customs and Service Tax has disallowed CENVAT credit of Rs.7.67 lakhs availed during the period from December 2006 to March 2010 on the ground that Cenvat Credit had been availed on Input Services such as Advertisement, Audit and Telephone telex services used in relation to the trading activity which did not have any nexus with the manufacturing activity. An amount Rs.3.84 lakhs has been deposited by the company under protest and an appeal has been filed before CESTAT, Bangalore in this regard.



11. The Deputy Commissioner of Income Tax Circle-1(1), Hyderabad has disallowed an amount of Rs.75.29 lakhs under Section 14A (Disallowance of expenditure incurred in relation to income which is not included in the total income) claimed as expenditure during the assessment years from 2008-09 to 2010-11 on account of Interest paid on term loans to Financial Institutions. In this regard an appeal has been filed by the company with Commissioner of Income Tax, Appeals-II, Hyderabad.

2.29 The disclosures required under Accounting Standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules, 2006 are given below:

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

Description	31 March 2013		31 March 2012	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Defined benefit obligation at the beginning of the year	294.85	31.80	196.30	34.40
Current service cost	44.15	41.10	20.20	15.80
Interest cost	25.36	2.74	16.60	2.70
Actuarial (Gain)/ Loss	40.55	52.90	68.40	(15.40)
Benefits paid	(23.04)	(55.63)	(6.70)	(5.70)
Defined benefit obligation at the year end	381.87	72.91	294.80	31.80

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

Description	31 March 2013		31 March 2012	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets at the beginning of the year	171.61	-	144.10	-
Expected return on plan assets	20.17	-	14.00	-
Actuarial Gain / (Loss)	-	-	(0.60)	-
Employer contribution	111.90	-	20.80	-
Benefits paid	(23.04)	-	(6.70)	-
Fair value of plan asset at the year end	280.64	-	171.61	-

c) Reconciliation of fair value of assets and obligations

Description	31 March 2013		31 March 2012	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets as at 31st March, 2013	280.64	-	171.60	-
Present value of obligations as at 31st March, 13	381.87	72.91	294.80	31.80
Amount recognized in the Balance sheet	(101.23)	(72.91)	(123.20)	(31.80)



d) Expenses recognized during the year

Description	31 March 2013		31 March 2012	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	44.16	41.10	20.20	15.80
Interest cost	25.36	2.74	16.60	2.70
Expected return on plan assets	(20.17)	-	(13.90)	0.00
Actuarial Gain / (Loss)	40.55	52.90	68.90	(15.50)
Net cost	89.89	96.74	91.80	3.00

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

Actuarial assumptions

- Mortality table (LIC) 1994-96 (ultimate)
- Discounting rate 8.20 %
- Expected rate of return on plan asset 9.25%
- Expected average remaining working lives of employees 18 Years
- Rate of escalation in salary 5 %

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

Related Party Disclosures

Names of related parties and description of relationship		
1	Associates	Vicat Sagar Cement Private Ltd.
2	Key Management Personnel	<ol style="list-style-type: none"> Shri S.Veera Reddy, Managing Director Dr.S.Anand Reddy, Joint Managing Director Shri S.Sreekanth Reddy, Executive Director
3	Enterprise where key managerial personnel along with their relatives exercise significant influence	<ol style="list-style-type: none"> Panchavati Polyfibres Ltd. Sagar Power Ltd. RV Consulting Services Pvt.Ltd. Sagar Priya Housing & Industrial Enterprises Ltd. Sagarsoft (India) Ltd. Smt.S.Vanajatha



Transactions with related parties during the year ended March 31, 2013

Nature of Transactions	Key Management Personnel	Enterprise where key managerial personnel along with their relatives exercise significant influence	Balance as on 31.03.2013
1 Purchase of Power from Sagar Power Ltd.		185.78	(295.85)
2 Sale of Cement to Sagar Power Ltd.		1.40	
3 Remuneration to Directors (1) Sri S.Veera Reddy, Managing Director (2) Dr. S.Anand Reddy, Joint Managing Director (3) Sri S. Sreekanth Reddy, Executive Director	24.00 30.75 24.00		
4 Rent Payments (1) Dr. S.Anand Reddy, Joint Managing Director (2) Sri S. Sreekanth Reddy, Executive Director (3) Smt S.Vanajatha	27.00 27.00	27.00	
5 Purchase of Bags from Panchavati Polyfibres Ltd.		2848.81	443.41
6 Dividend Received from Panchavati Polyfibres Ltd.		0.52	
7 Loan taken from RV Consulting Services Pvt. Ltd. Paid during the Year		1000.00 442.10	557.90

2.31 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	31 March 2013	31 March 2013	31 March 2012	31 March 2012
Raw Materials	% of Total Consumption	Value of Consumption	% of Total Consumption	Value of Consumption
Imported	0	0	0	0
Indigenous	100	5345.20	100	5402.25
Total	100	5345.20	100	5402.25
Spare Parts				
Imported	1.03	16.66	0.97	13.90
Indigenous	98.97	1600.17	99.03	1436.51
Total	100.00	1616.83	100.00	1450.41

2.32 CAPITAL COMMITMENTS

Particulars	31 March 2013	31 March 2012
Estimated amount of Contracts remaining to be executed on capital account	5393.02	1094.70

2.33 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2013	31 March 2012
Components, Spare parts, Capital Items and Others	588.11	66.90
Total	588.11	66.90



2.34 EXPENDITURE IN FOREIGN CURRENCY

Particulars	31 March 2013	31 March 2012
Travelling	18.35	14.30
Total	18.35	14.30

2.35 DIVIDEND REMITTANCE IN FOREIGN CURRENCY

Particulars	31 March 2013	31 March 2012
Number of shares on which dividends were remitted	10,00,000	10,00,000
Amount Remitted (Rs. in Lakhs)	3.00	2.00
Period to which dividend payment relates	Year ended March 31, 2012	Year ended March 31, 2011

As per our Report of even date attached

For P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner
M.No. 10842
Hyderabad
22nd May, 2013

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

For and on behalf of the Board

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
General Manager (Finance)

R.Soundararajan
Company Secretary



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SAGAR CEMENTS LIMITED

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

**THIRTY SECOND 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 Thirty Second Annual General Meeting of the Company to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028, on **Wednesday, the 25th September, 2013 at 4.00 p.m.**

Name of the Member (IN BLOCK LETTERS) _____

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

Registered Folio No. : _____

*D.P. ID No. : _____

*Client ID No. : _____

No. of Shares : _____

*For the Shares held in Demat

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

**THIRTY SECOND 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 Thirty Second Annual General Meeting of the Company to be held on **Wednesday, the 25th September, 2013 at 4.00 p.m.** at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof.

Signed this _____ day of _____ 2013

Registered Folio No. : _____

*D.P. ID No. : _____

*Client ID No. : _____

No. of Shares : _____

*For the Shares held in Demat

Please affix Re.1/- Revenue Stamp

Signature of the Shareholder

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.

Book Post
Printed Material



SAGAR CEMENTS LIMITED

Registered Office :
SAGAR CEMENTS LIMITED
Plot No.111, Road No.10, Jubilee Hills,
Hyderabad-500 033, A.P., India
Tel: 040 - 23351571
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www.sagarcements.in

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Ordinary Portland Cement
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Sulphate Resistant Cement

Special Grade Ordinary
Portland Cement.

Special Cements