



**SAGAR CEMENTS LIMITED**



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(As on 31.03.2007)

**BOARD OF DIRECTORS**

Shri O. Swaminatha Reddy	Chairman - Independent
Shri S.Veera Reddy	Managing Director
Shri K.Thanu Pillai	Independent Director
Shri P. Rajeswara Rao	(APIDC Nominee)
Dr. S.Anand Reddy	Executive Director
Shri S. Sreekanth Reddy	Whole-time Director

**COMPANY SECRETARY**

Shri R.Soundararajan

**GENERAL MANAGER (FINANCE)**

Shri P.Venkat Reddy

**AUDITORS**

M/s.P.Srinivasan & Co.,  
Chartered Accountants  
2-2-18/18/5,  
C-31, Near Ahobhila Mutt, DD Colony,  
Hyderabad - 500 013

**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  
Punjab National Bank

**REGISTERED OFFICE**

Plot No.205, Road No.14  
Jubilee Hills, Hyderabad - 500 033

**ADMINISTRATIVE OFFICE**

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

**FACTORY**

Mattampally  
Via Huzurnagar  
Nalgonda District  
Andhra Pradesh 508 204

## BOARD OF DIRECTORS



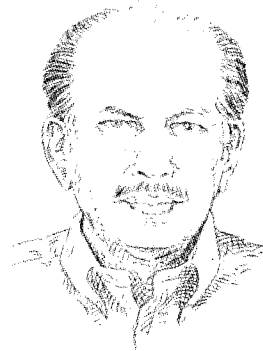
**Shri O. Swaminatha Reddy**  
Chairman

A Chartered Accountant by qualification - Financial and Management Consultant by profession, is known for his acumen in Corporate Finance - Associated with the Company since 1983 as its Chairman - Earlier served as Chairman of Andhra Bank and Andhra Pradesh State Finance Corporation (APSFC) - He is on the Board of several reputed Organisations.



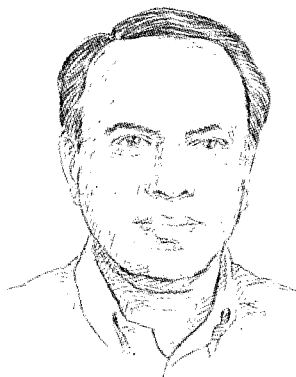
**Shri S. Veera Reddy**  
Managing Director

An agriculturist turned Industrialist - Promoter As the Managing Director since 1991 - Looking after over all management of the Company - Played a key role in bringing it up to its present status.



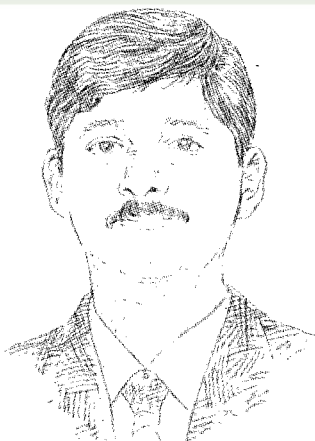
**Shri K. Thanu Pillai**  
Independent Director

An M.B.A. and CAIIB - Associated with the Company as an Independent Director since 1997 - Has more than 30 years of experience in banking - Retired as Managing Director of State Bank of Hyderabad - Also on the Board of several reputed Companies.



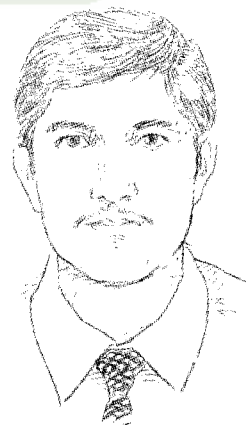
**Shri P. Rajeswara Rao**  
APIDC Nominee Director

An M.Com. and L.L.B. by qualification - Has been associated with the Company as a Nominee Director of Andhra Pradesh Industrial Development Corporation (APIDC) since August 2006.



**Dr. S. Anand Reddy**  
Executive Director

A Medical Doctor by qualification - Has been on the Board of the Company as a Whole-time Director since November 1991 - Primarily responsible for Marketing and Projects. Also Managing Director of Sagar Power Limited, a subsidiary of the Company.



**Shri S. Sreekanth Reddy**  
Whole-time Director

A Technocrat - B.E. (I&P) and PG Diploma in Cement Technology - Joined Sagar Cements as Technical Consultant in 2002 and later was appointed as a Whole-time Director - Responsible for Plant Operation, Identification and implementation of new Projects.



## SAGAR CEMENTS LIMITED

## NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of the Company will be held at 12.00 Noon on Monday the 24th September, 2007 at Hotel Golkonda, Masab Tank, Hyderabad - 500 028, to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss for Account the year ended 31st March, 2007 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon;
2. To declare dividend.
3. To appoint a Director in place of Dr.S. Anand Reddy, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri K.Thanu Pillai, who retires by rotation and is eligible 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.

As Special Business:

#### 6. RE-APPOINTMENT OF DR. SANAND 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 Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII and subject to approvals, if any, as may be required from the Financial Institutions and other authorities concerned, Dr.S.Anand Reddy be and is hereby re-appointed as Executive Director of the Company for a period of five years with effect from 21st November, 2007 on the following remuneration:

**Salary:** Rs.1,25,000/- p.m.

#### **Perquisites:**

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

**Commission:** At 2% of the net profit of the Company.

**Further resolved** that in addition to the above remuneration, Dr.S.Anand Reddy will be eligible for contribution to PF, Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

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



**Further resolved** that where in any financial year during Dr. S. Anand Reddy's tenure as the Executive Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year, will be restricted to the limits prescribed in sub-paragraph (A) of paragraph I of Section II of Part II of the Schedule XIII to the Companies Act, 1956 or any amendments, if any, there of for the time being in force.

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

## 7. ENHANCEMENT IN THE REMUNERATION TO 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 accordance with Section 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII and in partial modification of the special resolution passed by the shareholders at their 25th Annual General Meeting held on 28th September, 2006 regarding the appointment of and remuneration payable to Shri S. Veera Reddy as Managing Director of the Company and subject to approvals, if any, as may be required from the Financial Institutions and other authorities concerned, consent be and is hereby accorded to the payment of remuneration to him as revised below with effect from 1st July, 2007:

**Salary:** Rs. 1,50,000/- p.m.

### Perquisites:

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

**Commission:** At 2% of the net profit of the Company.

**Further resolved** that in addition to the above remuneration, Shri S. Veera Reddy, Managing Director will be eligible for contribution to PF, Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

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

**Further resolved** that where in any financial year during Shri S. Veera Reddy's tenure as the Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year, will be restricted to the limits prescribed in sub-paragraph (A) of paragraph I of Section II of Part II of the Schedule XIII to the Companies Act, 1956 or any amendments, if any, there of for the time being in force.

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





#### 8. ENHANCEMENT IN THE REMUNERATION TO SHRI S. SREEKANTH REDDY, WHOLE-TIME 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 Section 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII and in partial modification of the special resolution passed by the shareholders at their 22nd Annual General Meeting held on 27th September, 2003 regarding the appointment of and remuneration payable to Shri S. Sreekanth Reddy, Whole-time Director of the Company and subject to approvals, if any, as may be required from the Financial Institutions and other authorities concerned, consent be and is hereby accorded to the payment of remuneration to him as revised below with effect from 1st July, 2007.

**Salary:** Rs. 1,00,000/- p.m.

**Perquisites:**

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

**Commission:** At 2% of the net profit of the Company.

**Further resolved** that in addition to the above remuneration, Shri S. Sreekanth Reddy will be eligible for contribution to PF, Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

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

**Further resolved** that where in any financial year during Shri S. Sreekanth Reddy's tenure as Whole-time Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year, will be restricted to the limits prescribed in sub-paragraph (A) of paragraph 1 of Section II of Part II of the Schedule XIII to the Companies Act, 1956 or any amendments, if any, there of for the time being in force.

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

**NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the proxy to be so appointed need not be a Member of the Company. However, proxies in order to be effective must be lodged with the company at its Registered Office not less than 48 hours before the commencement of the Meeting.
2. The relevant Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business mentioned under Items No.6, 7 and 8 and the relevant details required under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Item No.3, 4 and 6 are given in the annexure, which forms part of this Notice.



3. Register of Members and the Share Transfer Books of the company will remain closed during the period from 17.09.2007 to 24.09.2007 (both days inclusive).
4. Dividend, to be declared by the shareholders at the AGM will be adjusted against the two interim dividends already paid by the Company for the year 2006-07.
5. Members holding shares in physical form are requested to inform the Company or its Registrars, of the change, if any, in their addresses.
6. Members are also requested to bring the Attendance Slips duly filled in for being handed over at the entrance of the venue for the meeting.
7. Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31st March, 1995 had been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet en-cashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form No.II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to:

Office of the Registrar of Companies  
Kendriya Sadan  
Sultan Bazaar  
Koti  
Hyderabad-500 195

Consequent upon the amendment of Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the financial year ended 31st March, 1996 onwards and up to the financial year ended 31st March, 1998, which had remained unpaid or unclaimed for a period of seven years from the date of their transfer to the Unpaid Dividend Account of the Company, were duly transferred to the Investors Education and Protection Fund set up by the Government of India.

Members who have not yet en-cashed their dividend warrants in respect of the dividend declared for the subsequent financial years ended 31st March 2001, 2005 and 2006 and the two interim dividends paid for the year ended 31st March, 2007 are requested to make their claims to the Company.

30th July, 2007  
Registered Office:  
Plot No.205, Road No.14  
Jubilee Hills, Hyderabad – 500 033, A.P.

By Order of the Board

R.Soundararajan  
Company Secretary





## EXPLANATORY STATEMENT

### Item No.6

As the present tenure of Dr.S.Anand Reddy as Executive Director will be coming to an end on 20th November, 2007, with a view to continuing to avail his services as the Executive Director, the Board, at its meeting held on 30th July, 2007, re-appointed him as Executive Director for a further period of five years with effect from 21st November, 2007 and approved its Remuneration Committee's recommendation regarding remuneration payable to him as proposed in the resolution. purpose. In accordance with Schedule XIII to the Companies Act, 1956, the said appointment and the remuneration would require further approval of the shareholders.

Dr.S.Anand Reddy, who has been associated with the Company since 21st November, 1992 when he was appointed as a Whole-time Director with responsibilities for Marketing and Projects, has contributed to its growth more particularly in the said functional areas. As Managing Director of Sagar Power Limited, a subsidiary of your Company, he was instrumental in successfully implementing its two mini hydel projects. In the post-expansion era of your Company, he is expected to play a still larger role by evolving strategies to identify new markets and consolidate the existing market.

Your Board is of the firm view that it would be in the interest of the Company that Dr.S.Anand Reddy be re-appointed as the Executive Director for a further term of 5 years and accordingly it commends the resolution for acceptance by the Members.

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

### Item No.7

The shareholders at their 25th Annual General Meeting held on 28th September, 2006 re-appointed Shri S.Veera Reddy as the Managing Director for a period of 5 years with effect from 13th July, 2006 and approved the remuneration payable to him on the said re-appointment. As the shareholders are aware, your Company is currently implementing an expansion of its plant aimed at increasing its capacity from 0.6 million MTs to 2.5 million MTs p.a. Having regard to the responsibilities expected to be handled by the Managing Director during the expansion as well as in the post-expansion era, his past contribution and the company's improved financial position, the Remuneration Committee of your Board recommended the revision of the remuneration as proposed in the resolution. Your Board having considered the said recommendation at its meeting held on 30th July, 2007 approved the same with effect from 1st July, 2007, subject to further approval of the shareholders.

Your Board recommends the passing of the resolution.

As the resolution pertains to the revision of the remuneration payable to Shri S.Veera Reddy, to that extent he and, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy, who are the other directors related to Shri S.Veera Reddy, may be deemed to be interested in the resolution.

**Item No.8**

The shareholders at their 22nd Annual General Meeting held on 27th September, 2003 appointed Shri S.Sreekanth Reddy as a Whole-time Director with the designation as Director (Technical) with effect from 23rd June, 2003 and approved the remuneration payable to him for holding the said office. Shri Sreekanth Reddy is responsible for ably assisting the Managing Director in the day to day affairs, more particularly in plant operations and other technical areas. As the shareholders are aware, your Company is implementing an expansion plan at its plant aimed at increasing its capacity from 0.6 million MTs to 2.5 million MTs p.a. Having regard to the responsibilities expected to be handled by Shri Sreekanth Reddy during the expansion as well as in the post-expansion era and having further regard to his past contribution, personal profile, industry practice and company's improved financial position, the Remuneration Committee of your Board recommended the revision of the remuneration payable to him as proposed in the resolution. Your Board having considered the said recommendation at its meeting held on 30th July, 2007 approved the same with effect from 1st July, 2007, subject to further approval of the shareholders.

Your Board recommends the passing of the resolution.

As the resolution pertains to the revision of remuneration payable to Shri S.Sreekanth Reddy, to that extent he and, Shri S.Veera Reddy and Dr.S.Anand Reddy, who are the other directors related to Shri S.Sreekanth Reddy, may be deemed to be interested in the resolution.

The Resolutions mentioned Items in No. 6, 7 and 8 along with the relative explanatory statements thereto may be treated as abstracts u/s 302 of the Companies Act, 1956.

30th July, 2007  
Registered Office:  
Plot No.205, Road No.14  
Jubilee Hills, Hyderabad – 500 033, A.P.

By Order of the Board

R.Soundararajan  
Company Secretary