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SAGAR CEMENTS LIMITED

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BOARD OF DIRECTORS

BOARD OF DIRECTORS

Shri O. Swaminatha Reddy	Chairman - Independent & Non Executive
Shri S.Veera Reddy	Managing Director
Shri K.Thanu Pillai	Independent & Non Executive
Shri P. Rajeswara Rao	APIDC Nominee
Dr. S. Anand Reddy	Joint Managing Director
Shri S. Sreekanth Reddy	Executive Director
Shri V.V.S. Ravindra	IDBI Nominee
Shri Werner C.R.Poot.	Independent & Non Executive
(W.e.f. 23.07.2008)	

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

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

FACTORY

Mattampally
Via Huzurnagar
Nalgonda District
Andhra Pradesh 508 204

NOTICE



SAGAR CEMENTS LIMITED

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Members of the Company will be held at 4.00 p.m. on Wednesday the 24th September, 2008 at Hotel Golkonda, Masab Tank, Hyderabad - 500 028, to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account the year ended 31st March, 2008 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 Shri O. Swaminatha Reddy, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri S. Sreekanth Reddy, 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. APPOINTMENT OF SHRI S. SREEKANTH REDDY AS EXECUTIVE DIRECTOR OF THE COMPANY**

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, Shri S. Sreekanth Reddy be and is hereby appointed as Executive Director of the Company for a period of five years with effect from 26th June, 2008 on the following remuneration:

Salary: Rs. 2,00,000/- p.m., with an annual increment of Rs. 50,000/- p.m.

Perquisites:

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

Commission: @ 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, Executive Director in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII as in force from time to time.



Further resolved that where in any financial year during Shri Sreekanth Reddy's tenure as the Executive Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year will be restricted to the 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 of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions."

7. APPOINTMENT OF MR.WERNER C.R.POOT ASA DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that Mr.Werner C.R.Poot be and is hereby appointed as a Director liable to retire by rotation."

8. ENHANCEMENT IN THE REMUNERATION PAYABLE TO THE 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 and 26th Annual General Meetings of the Company held on 28th September, 2006 and 24th September, 2007 respectively, 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 April, 2008:

Salary: Rs.3,00,000/- p.m. with an annual increment of Rs.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 will be entitled to the reimbursement of actual medical expenses incurred in India and or abroad including hospitalization, nursing home and surgical charges for himself and his family.

Commission: @ 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 current 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 of Directors be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions."

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

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

"Resolved that in accordance with 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 26th Annual General Meeting held on 24th September, 2007 regarding the appointment of and remuneration payable to Dr.S.Anand Reddy as Executive Director of the Company and subject to approvals, if any, as may be required from the Financial Institutions and other authorities concerned, consent be and is hereby accorded and re-designate him as the Joint Managing Director to the payment of remuneration to him as revised below with effect from 1st April, 2008:

Salary: Rs.2,50,000/- p.m. with an annual increment of Rs.50,000/- p.m.

Perquisites:

As mutually agreed between the Dr.S.Anand 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, Dr.S.Anand Reddy will be entitled to the reimbursement of actual medical expenses incurred in India and or abroad including hospitalization, nursing home and surgical charges for himself and his family.

Commission: @ 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, Joint Managing Director in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with its Schedule XIII as in force from time to time.

Further resolved that where in any financial year during Dr.S.Anand Reddy's current tenure as Joint Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to him for the said financial year will be restricted to the 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 of Directors 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, 8 and 9 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 17th September, 2008 to 24th September, 2008 (both days inclusive).
4. Members holding shares in physical form are requested to inform the Company or its Registrars, of the change, if any, in their addresses.
5. 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.
6. 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 encashed 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

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 encashed 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 and later confirmed as final dividend for the year ended 31st March, 2007 and the interim dividend paid for the year ended 31st March, 2008 are requested to make their claims to the Company.

By Order of the Board

R.Soundararajan
Company Secretary

23rd July, 2008
Registered Office:
8-2-472/B/2, Road No. I
Banjara Hills
Hyderabad – 500034, A.P.

EXPLANATORY STATEMENT



EXPLANATORY STATEMENT

Item No.6

As the present tenure of Shri S.Sreekanth Reddy as a Whole-time Director will be coming to an end on 25th June, 2008, with a view to continuing to avail his services, the Board, at its meeting held on 10th April, 2008 appointed him as Executive Director for a period of five years with effect from 26th June, 2008 and approved its remuneration committee's recommendation as proposed in the resolution for the purpose. In accordance with Schedule XIII to the Companies Act, 1956, the said appointment would require the further approval of the shareholders.

As Technical / Whole time director of the Company, Shri S.Sreekanth Reddy has contributed to the Company's growth in a large measure. In the post-expansion era, he is expected to play a greater role in taking the company forward by identifying new areas of opportunity. As your directors believe that the appointment of Shri S.Sreekanth Reddy as Executive director would be in the interests of the Company, they commend the resolution for approval of the shareholders.

As the resolution pertains to the appointment of Shri S.Sreekanth Reddy, as the Executive Director, 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.

Item No.7

Mr. Werner C.R. Poot was appointed as an additional director by your Board at their meeting held on 23rd July 2008. In accordance with Section 260 of the Companies Act, 1956 read with Article 106 of the Articles of Association of the Company, he will be holding his office up to the ensuing Annual General Meeting. Notice has since been received under Section 257 of the Companies Act, 1956 from a member of the Company proposing Mr. Werner C.R. Poot as a Director at the Annual General Meeting. A profile of Mr. Werner C.R. Poot has been given in the Annexure to this notice in compliance with Clause 49 of the Listing Agreement as part of information on directors seeking appointment / re-appointment at the ensuing meeting. Your Directors recommend the resolution for approval. As the resolution relates to the appointment of Mr. Werner C.R. Poot as a Director, he may be deemed to be interested in the resolution.



Item No.8

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 further period of 5 years with effect from 13th July, 2006 and approved the remuneration payable to him on the said re-appointment and later revised it vide their resolution passed at their 26th AGM. 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., which is expected to be completed very soon. Having regard to the responsibilities to be handled by the Managing Director during the post-expansion era and having regard to his past contribution, 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 10th April, 2008 approved the same with effect from 1st April 2008, 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.9

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 identifying and successfully implementing the two mini hydel projects. In the post-expansion era of your Company, he is expected to play a larger role by evolving strategies to identify new markets and consolidate the existing market. Having regard to these and the financial performance achieved by the Company, 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 10th April, 2008, approved the same with effect from 1st April, 2008 and re-designated him as the Joint Managing Director of the Company, subject to further approval of the shareholders.

As the resolution pertains to the enhancement of remuneration payable to Dr.S.Anand Reddy as the Joint Managing Director, to that extent he and, as 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.

By Order of the Board

R.Soundararajan
Company Secretary

23rd July, 2008

Registered Office:

8-2-472/B/2, Road No.1

Banjara Hills, Hyderabad – 500034, A.P.



Annexure to the Notice of the 27th Annual General Meeting
Details of Directors seeking re-appointment at the Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Shri O.Swaminatha Reddy	Shri S.Sreekanth Reddy	Shri Werner C.R. Poot
Date of birth	25-12-1930	27-08-1971	13-01-1971
Experience in specific functional areas	Financial Consultant	Cement Technologist	Chemical Engineering
Qualification	B.Com. (Hons) A.C.A.	B.E. (I & P) PG Diploma in Cement Technology	Engineer
Directorships in other Public Limited Companies	TCI Finance Ltd. Golkonda Hospitality Services & Resorts Ltd. Sagar Power Ltd. VBC Industries Ltd. KCP Ltd., Transport Corporation of India Ltd. Surana Telecom Ltd. Bhagyanagar India Ltd. Khaitan Electricals Ltd. HBC Flex Tech.Ltd. KM Power Pvt.Ltd. EPR Gene Technologies Ltd.	Sagar Power Limited Amareswari Cements Limited Sagarsoft (India) Ltd. Sagar Priya Housing and Industrial Enterprises Ltd.	Nil
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	As Chairman – Audit Committee Transport Cop.of India Ltd. Khaitan Electricals Ltd. Bhagyanagar India Ltd. Surana Telecom Ltd. As Member – Audit Committee VBC Industries Ltd. KCP Ltd.	Nil	Nil
No. of shares held in Sagar Cements Limited	Nil	601400	Nil
Inter-se relationship with other Directors of the Company	Not related to any of the Directors of the Company	Related to Shri S.Veera Reddy, Managing Director and Dr.S.Anand Reddy, Joint Managing Director	Not related to any of the Directors of the Company