

SAGAR CEMENTS LIMITED



Board of Directors	2
Notice	3
Directors' Report and its Annexures	6
Report on Corporate Governance	16
Sagar Cements Auditors' Report	26
Balance Sheet	31
Statement of Profit & Loss	32
Cash Flow Statement	33
Significant Accounting Policies	34
Notes to Financial Statements	36
Balance Sheet Abstract	54
Admission Slip and Proxy Form	55



BOARD OF DIRECTORS

BOARD OF DIRECTORS

Shri O.Swaminatha Reddy	Chairman - Independent & Non Executive
Shri S.Veera Reddy	Managing Director
Dr.S.Anand Reddy	Joint Managing Director
Shri S.Sreekanth Reddy	Executive Director
Shri K.Thanu Pillai	Independent & Non Executive
Shri Gilbert Noel Claude Natta	Non-Executive
Shri Werner C.R.Poot	Non Executive
Shri P.Rajeswara Rao	APIDC Nominee (up to 17.05.2012)
Shri K.Rajendra Prasad	APIDC Nominee (w.e.f. 18.7.2012)
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.Venkat Reddy	Vice President - Finance
Shri P.S.Prasad	Vice President - Marketing
Shri O.Anji Reddy	Chief General Manager (Electrical & Installations)
Shri K.V.Ramana	Chief General Manager - Mines

Site:

Shri 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 31st Annual General Meeting of the Members of the Company will be held at 4.00 p.m. on Thursday, the 20th September, 2012 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 2012 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 Dr.S.Anand Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Werner C.R.Poot, 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.

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself / herself and the proxy to be so appointed need not be a Member of the Company. However, proxies in order to be effective must be lodged with the company at its Registered Office not less than 48 hours before the commencement of the Meeting.
2. The details required to be given under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Item No.3 and 4 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 12.09.2012 to 20.09.2012 (both days inclusive).
4. Members holding shares in physical form are requested to inform the Company or its Registrars about the change, if any, in their addresses along with their e-mail, if any.
5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends up to the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet en-cashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form No.II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to:

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

6. Consequent upon the amendment to Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the un-claimed dividends for the financial year ended 31st March, 1996 onwards and up to the financial year ended 31st March, 2001 were duly transferred to the Investors Education and Protection Fund set up by the Government of India.



7. Members who have not yet encashed their dividend warrants in respect of the dividend declared subsequently as detailed below are requested to make their claims to the Company.

Year	Nature of Dividend
2004-05	Final Dividend
2005-06	Final Dividend
2006-07	Interim and later confirmed as Final
2007-08	Interim and Final
2008-09	Final
2009-10	Final
2010-11	Final

8. Dividend for the year 2011-12, if declared at the meeting, will be paid to those members whose names appear on the Company's Register of Members on 20.09.2012.
9. Section 109A of the Companies Act, 1956 provides for Nomination by the shareholders of the Company in the prescribed Form No.2B and the shareholders are requested to avail this facility.

By Order of the Board

R.Soundararajan
Company Secretary

18th July 2012
Registered Office:
Plot No.111, Road No.10
Jubilee Hills
Hyderabad 500 033, A.P.



Annexure to the Notice of the 31st 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	Dr.S.Anand Reddy	Shri Werner C.R.Poot
Date of birth	10 th June, 1964	13 th January, 1971
Experience in specific functional areas	Marketing and Project Management	Chemical Engineering
Qualification	M.B.B.S.	Engineer
Directorships in other Companies in India	Sagar Power Ltd. Vicat Sagar Cement Pvt.Ltd. Sagar Priya Housing & Industrial Enterprises Ltd. Panchavati Polyfibres Ltd.	AVH Resources India Pvt.Ltd. Oriental Quarries and Mines Pvt.Ltd.
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Member - Audit Committee of Sagar Power Ltd. Member - Investors Grievances Committee of Sagar Cements Ltd.	Nil
No. of shares held in Sagar Cements Ltd.	11,37,743	Nil
Inter-se relationship with other Directors of the Company	Related to Shri S.Veera Reddy, Managing Director and Shri S.Sreekanth Reddy, Executive Director	Related to none of the Directors of the company

By Order of the Board

R. Soundararajan
Company Secretary

18th July 2012
Registered Office:
Plot No.111, Road No.10
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DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present their Thirty First Report together with the audited accounts of the Company for the year ended 31st March, 2012.

Financial Results

The performance of your company during the year 2011-12 was satisfying in the context of the slowdown of the economy in general and infrastructure industry in particular during the said period.

A summarized financial performance of your company during the year under review is given below:

Rs. in Millions

Description	2011-12	2010-11
Net Sales	6061	4250
Other Income	7	89
Total Income	6068	4339
Profit before Depreciation, Financial Charges and Tax	1247	814
Less: Depreciation	259	276
Financial Charges	342	601
Profit before Tax	646	227
Less: Net Provision for Tax	205	53
Profit After Tax	441	174
Add : Profit brought forward	829	711
Profit available for appropriation	1270	885
Appropriations proposed		
Dividend @ 30% (Rs.3.00 per equity share)	52	35
Dividend Tax	9	4
Transfer to General Reserve	200	17
Carried to Balance Sheet	1009	829
Total	1270	885
Basic Earnings Per Share	25.37	11.61
Diluted Earnings Per Share	25.37	10.01

Dividend

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a dividend of Rs.3/- per share for the financial year 2011-12.

Transfer to reserves

The Company proposes to transfer Rs.200 millions to the general reserve out of the amount available for appropriations and an amount of Rs.1009.48 million is proposed to be retained in the Balance Sheet.



Company's performance

While the total income of your Company rose by 40%, the Profit before and after tax went up by 185% and 153% respectively over the previous year.

The performance of your company in terms of production and sale of clinker / cement is given below:

Description	2011-12	2010-11
Production (in MT)		
Clinker	1348080	1510135
Cement	1625336	1490662
Sales (MT)		
Clinker	0	30840
Cement	1631392	1470049

Sagar Cements could register a reasonable level of growth in 2011-12, both in terms of volume as well as price. Its sales in quantitative terms went up by 11% over the previous year. The average net sales realization per ton of cement was also higher at Rs.2,945/-, an increase of 32 %, over the previous year, resulting in an net operating revenue of Rs.6061 million.

Corporate Governance

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

Internal Control Systems

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

Insurance

All the properties of the Company have been adequately insured.

Particulars of Employees

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

Industrial Relations

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

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

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

Pollution Control

Your company is committed to keep the pollution at its plant within the acceptable norms and as part of this commitment, it has an ESP system at the plant.

Directors

The APIDC, has appointed Shri K.Rajendra Prasad as its nominee director in the place of its earlier nominee Shri P.Rajeswara Rao. Your Board placed on record its appreciation of the guidance and co-operation extended by Shri Rajeswara Rao during his tenure as the nominee director. In compliance with Sec.256 of the Companies Act, 1956, Dr.S.Anand Reddy and Shri Werner C.R.Poot retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.



Sub Committees of the Board

The Board has Audit Committee, Remuneration Committee, Investment Committee and Investors' Grievances Committee, the composition and 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. Your Board has accepted the recommendation of its Audit Committee to re-appoint the retiring auditors, who, being eligible for re-appointment, have since consented to the proposed re-appointment and confirmed that the said re-appointment, if approved by the shareholders, would be within the limits specified in Sub Section (1B) of Section 224 of the Companies Act, 1956.

Directors' Responsibility Statement

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

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

Public Deposits

Your Company 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.

Management Discussion and Analysis Report

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

Acknowledgement

Your Directors wish to place on record their appreciation of the valuable co-operation extended to the Company by its bankers and various authorities of the State and Central Government. They thank the Distributors, Dealers, Consignment Agents, suppliers and other business associates of your Company for their continued support. Your Board also takes this opportunity to place on record its appreciation of the contributions made by the employees at all levels and last but not least, of the continued confidence reposed by you in the Management.

For and on behalf of the Board of Directors

Hyderabad
18th July 2012

O. Swaminatha Reddy
Chairman



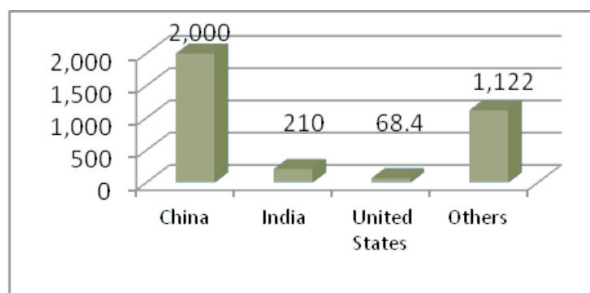
Annexure 1

Management Discussion and Analysis

Industry review

Cement is produced in around 150 countries across the Global. Global cement production in 2011 stood at 3400 million tonnes, with China accounting for 2000 million tonnes, followed by India, a distant second, with a total production of 210 million tonnes. The production of Cement is highly skewed with China, India and United States together accounting for more than 65 % of total cement production.

As cement is an essential component of infrastructure development world over, the need for housing and continued thrust on the investments in infrastructure development are driving the global demand for cement, more particularly among the developing countries. But, with the current global economic crisis affecting the majority of countries, regions such as North America, Europe and the Middle East registered significantly decreased cement consumption due to reduced construction activity



Global cement production in million tonnes

Source: USGS Mineral Program Cement Report. (Jan 2012)

However, a robust outlook in the construction sector in the developing regions and growing capital investment abroad by large trans-national cement manufacturers are expected to stimulate demand for cement globally.

National Scenario

As one of the basic infrastructure industries, cement industry continues to contribute in a significant way to the Indian economy in terms of employment generation, tax revenues, and industrial growth. The per capita consumption of cement is an important indicator of the country's economic development.

Cement industry in India comprises of around 185 large cement plants with a combined installed capacity of around 318 MTPA and more than 360 mini cement plants. Large producers contribute about 97% to the installed capacity while mini plants account for the rest. Among these, 98% of the capacity is in the private sector and the rest in the public sector. Maximum number of cement plants are located in Andhra Pradesh, which has 37 large cement plants with a total capacity of 68 MTPA.

This industry, which is the second largest in the world, produces several varieties of cement such as Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Blast Furnace Slag Cement (PBFS), Oil Well Cement, Rapid Hardening Portland Cement, Sulphate Resisting Portland Cement, White Cement, etc.

Cement industry in India 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.