



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 |
| 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:

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.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 | - | | |