

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
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
Jubilee Hills
Hyderabad 500 033, A.P.



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



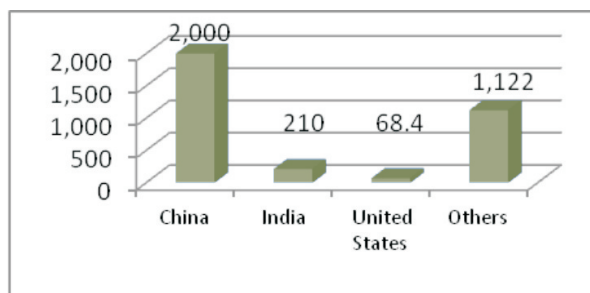
Annexure 1

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.



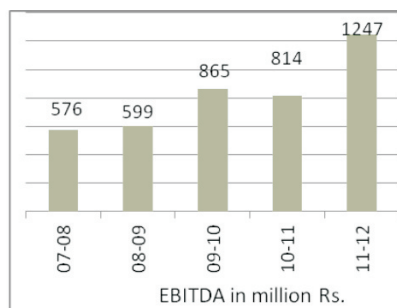
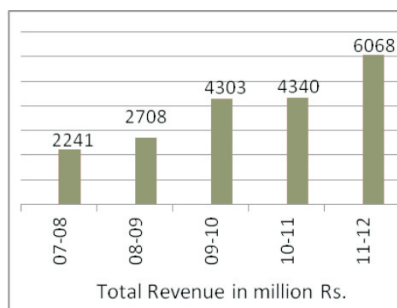
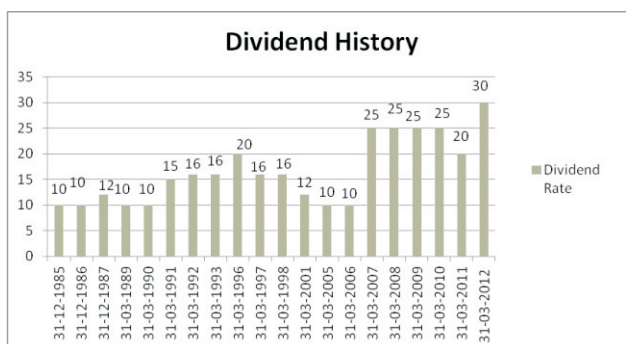
Being a huge country, there is a difference in the region wise demand for cement in the country, which is broadly divided into the western, eastern, northern and southern regions. Cement being a bulk item, transporting it over long distances can prove to be uneconomical. Thus, the industry is completely domestic driven.

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 year 2011-12 saw a slowdown in the economy, 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, thus putting pressure on price. Cement being a low value and high volume output, does not offer much scope for export either.

Sagar Cements - Financial Highlights

Despite constraints, Sagar Cements registered a reasonable growth, both in terms of volume as well as price in 2011-12. Its sales in quantitative terms went up by 11% over the previous year. The average net sales realization per tone 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. The Board of Directors has recommended a dividend at Rs.3/- (30%) per share on the 17388014 equity shares of the Company.

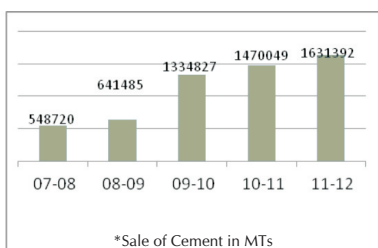
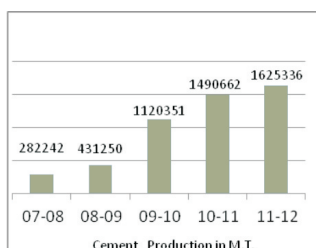




Production and sales performance:

While the year 2010-11 saw Sagar Cements not being able to take full advantage of the just then increased capacity due to lower demand for cement, which had forced the Company to curtail its production in the said year, the year under discussion saw an increase in production by around 9 %, accompanied by an increase in the net sales realization by around 32% over the previous year.

Description	2011-12	2010-11	2009-10
Production (in MT)			
Clinker	1348080	1510135	1430000
Cement	1625336	1490662	1120351
Sales (MT)			
Clinker		30840	350133
Cement	1627456	1469172	1127739
Cement - Second sales	0	0	204191
Self consumption	3936	877	2897
Total Cement Sales	1631392	1470049	1334827
Net Sales realization per M.T.	Rs.2945	Rs.2239	Rs.2273



Financial Review

The company during the year registered Net Sales of Rs.6061.14 Millions, an increase of 43 % over previous year. The Profit Before Tax (PBT) for the year stood at Rs. 646.13 Millions compared to Rs. 226.55 Millions during the previous year, an increase by 185 %.

Share Capital

The paid up share capital of the company stood at Rs.173880140 divided into 17388014 Equity Shares of Rs.10/- each. During the year under discussion and analysis, the Company had issued 32,85,714 equity shares and cancelled 9,00,000 equity shares, both under the scheme of merger earlier approved by the shareholders and later confirmed by the Court.

Reserves and Surplus

There is no change in the Capital Reserve and Share Premium Account during the year. Reserves and surplus at the end of the year stood at Rs.2423.13 millions, an increase of 18% over Rs.2042.59 millions at the end of the previous year. Rs.200 millions were transferred to the general reserve from the profit and loss account for the year 2011-12.

Non-current liabilities

There was a reduction in the non-current liabilities due to repayment of installments of long term borrowings.

Current Liabilities

Increase in trade payable was mainly on account of increased production and they pertain mostly to coal suppliers and transporters.



Sundry creditors for stores

There was no major change in the consumption pattern of Limestone, Gypsum and other additives during the year compared to the previous year.

Inventories

The quantitative details of major inventories as of balance sheet date were as below:

Description	Quantity in MT		
	2011 -12	2010 -11	2009 10
Limestone	50361	47560	33049
Coal	38493	24350	52330
Iron Ores			1495
Mill Scale	4398	2669	-
Laterite	6203	3772	3342
Gypsum	4469	5467	981
Raw Meal	19975	18657	9400
Clinker	65337	160401	46363
Cement	20022	27806	6629

Manufacturing Expenses

Coal

The Increase in coal cost was mainly on account of increased price of Coal (Indigenous & Imported Coal). The increase in power was mainly on account of decreased production of clinker by 162055 MT and Increase of Cement Production by 134674 MT. The power consumption per ton of cement during the year was at 94 units whereas it was 95 units during previous year.

Employee Benefit Expenses

An average increase of 15% in salary was given during the year 2011-12 to the employees of the company.

Gratuity and leave encashment are valued on actuarial basis by an independent valuer and provided accordingly. The gratuity amount has increased from Rs.5.22 Millions to Rs. 12.32 Millions as the maximum benefit payable under the Payment of Gratuity Act is increased from Rs.3.50 lakhs to 10.00 lakhs from the year 2011-12.

Selling and Distribution expenses

Consumption of packing material: The increase under this head is mainly attributable to increased volumes and increase in cost per bag from Rs.6.97 in previous year to Rs.7.60 during the year under review. The main increase of transport cost is on account of increase in lead distance and also increase in freight cost on account of increase in diesel prices.

Investments in the Joint Venture

In the year 2008-09, Sagar Cements entered into a Joint Venture 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) has been formed for the purpose. This project is implemented in two phases, each phase with a capacity of 2.75 mtpa. To facilitate the speedy implementation of the captive power plant stated above, the VSCPL and Parficim SAS, a wholly owned subsidiary of Vicat SA have jointly formed an SPV, "Gulbarga Power Private Limited" and the said project is also simultaneously progressing along with the cement project. The first phase of the project, barring unforeseen circumstances, is expected to go on stream by the end of the current year. Sagar Cements and the Vicat Group have invested a sum of Rs.860 million and Rs. 4140 million respectively representing 47% and 53% of the Equity Capital of the said Joint Venture.



Opportunities and threats:

Constraints 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 leading to frequent power cuts resulting in stoppage of production.

Logistics is another area of concern for the Company, distribution cost being a significant component of the cost structure. A proposal to provide a railway siding near the Company's plant is under implementation, the completion of which will go a long way in reducing the freight cost.

Stagnant demand

There is a 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, strengthening its distribution networks as well as by customer-focused initiatives. Apart from these, Sagar Cements is looking for opportunities to expand its 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.

The per capita consumption of cement being very low in India, there is 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 now being 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.

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 448 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 judgments. 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

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956

Name of the Employee	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy
Designation	Managing Director	Joint Managing Director	Executive Director
Age	76 years	48 years	40 years
Remuneration received (Rs.)	1,09,96,431	82,14,463	59,71,755
Nature of employment	Contractual	Contractual	Contractual
Nature of duties	General Management	General Management	General Management
Qualification	-	M.B.B.S.	B.E. (I & P) P.G. Dip. in Cement Technology
Experience (Years)	52	21	16
Date of Commencement of Employment	13.07.1991	21.11.1992	26.6.2003
Last Employment held	Nil	Nil	Nil

Shri S.Veera Reddy, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy are related to each other.



ANNEXURE 3
(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		01.04.2011 to 31.03.2012	01.04.2010 to 31.03.2011
A. Power & Fuel Consumption			
1. Electricity			
Purchased Units		1406.33 lakhs	1470.08 lakhs
Total Amount		5463.71 lakhs	5461.58 lakhs
Rate / Unit (Rs.)		3.89	3.72
Own Generation (Units)		0.08 lakhs	0.11 lakhs
Unit / Ltr. Of Diesel Oil		1.19 units	0.29 units
Rate / Unit (Rs.)		37.18	18.95 per unit
2. Coal (C & D Grade used as fuel in Kiln)			
Quantity		301932 MT	302438 MT
Total Cost (Rs.)		13174 lakhs	10358 lakhs
Average Rate (Rs.)		4363.35	3424.97
B. Consumption per unit of production			
Particulars	Standard	01.04.2011 to 31.03.2012	01.04.2010 to 31.03.2011
Products - OPC, PPC & SRC	-	1625336	1490662
Electricity (in KWH)	140	94.00	95.06
Coal (MT) (For Clinker)	0.28	0.224	0.200

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:

Foreign Exchange Earnings and Outgo:

Earnings : Nil
Outgo : Rs.81.20 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 relations 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.

Following was the composition of the Board as on 31st March 2012:

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	Non-independent & Executive
3	Dr.S.Anand Reddy, Joint Managing Director	Non-independent & Executive
4	Shri S.Sreekanth Reddy, Executive Director	Non-independent & Executive
5	Shri K.Thanu Pillai	Independent & Non-Executive
6	Shri Gilbert Noel Claude Natta	Non-independent & Non-Executive
7	Shri Werner C.R.Poot	Non-independent & Non-Executive
8	Shri G.Suneel Babu (IDBI Nominee)	Independent & Non-Executive
9	Shri P.Rajeswara Rao, (APIDC Nominee)	Non-independent & Non-Executive

Meetings held:

Five Board Meetings were held during the financial year 2011-12 and the gap between any two consecutive Board Meetings did not exceed four months. These Meetings were held on the following dates: 18.05.2011, 12.07.2011, 22.09.2011, 20.10.2011 and 30.01.2012.

Board Procedure:

Board Meetings are convened taking into consideration the business requirements, statutory and regulatory compliance. The Agenda, backed by adequate background 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.

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 2011-12 and at the last Annual General Meeting as also the number of their directorships and Committee Memberships as on 31st March 2012 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	5	Yes	3	5	5	1
2	Shri S.Veera Reddy	2	NA		5	1	
3	Dr.S.Anand Reddy	5	Yes		4		2
4	Shri S.Sreekanth Reddy	5	Yes	1	4		
5	Shri K.Thanu Pillai	5	Yes	1	8	1	2
6	Shri Werner C.R.Poot	5	Yes				
7	Shri G.Suneel Babu	5	Yes		1		1
8	Shri P.Rajeswara Rao	4	Yes		4	1	2
9	Shri Gilbert Noel Claude Natta	2	Yes				

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 2012, 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, 2012:

Name	Status in the Committee
Shri O.Swaminatha Reddy	Chairman
Shri K.Thanu Pillai	Member
Shri G.Suneel Babu	Member
Shri P.Rajeswara Rao	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 P.Rajeswara Rao, 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.



Meetings held:

The Audit Committee, which had met five times during 2011-12, held its meetings on 17.05.2011, 12.07.2011, 22.09.2011, 20.10.2011 and 30.01.2012 in the said period.

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	5
Shri G.Suneel Babu	5
Shri P.Rajeswara Rao	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 P.Rajewara Rao	Member

This Committee met once during the year to recommend a suitable remuneration to the Managing Director on his proposed re-appointment and to review the remuneration paid to other whole-time directors of the Company. The Committee also met on 15th May, 2012 to recommend a suitable commission to the Whole-time Directors of the company.

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.10,000/- (since revised as 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 2011-12 are given below:

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1	Shri O.Swaminatha Reddy	110000
2	Shri K.Thanu Pillai	110000
3	Shri P.Rajeswara Rao (APIDC Nominee)	90000
4	Sri Gilbert Noel Claude Natta	20000
5	Shri G.Suneel Babu (IDBI Nominee)	100000
6	Shri Werner C.R.Poot	50000
Total		480000



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 by the shareholders under the applicable provisions of the Companies Act, 1956.

Details of remuneration paid / payable to the Executive (Whole-time) Directors for the financial year 2011-12:

Name of the Director	Category	Salary & Perquisites	Commission	Total
Shri S.Veera Reddy	Managing Director	1,09,96,431	1,05,38,290	2,15,34,721
Dr.S.Anand Reddy	Whole-time Director	82,14,463	1,05,38,290	1,87,52,753
Shri S.Sreekanth Reddy	Whole-time Director	59,71,755	1,05,38,290	1,65,10,045
Total		2,51,82,649	3,16,14,870	5,67,97,519

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 31.3.2012:

Shri P.Rajeswara Rao	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 45 complaints from the investors during the year 2011-12 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, 2012. 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 2011-12.

6. Investment Committee:

With a view to evaluating investment opportunities available to the Company from time to time, the Board has constituted an Investment Committee, which has the following directors as its members:

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

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
30 th AGM	22 nd September, 2011	3.30 p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
29 th AGM	20 th September, 2010	4.00 p.m.	
28 th AGM	17 th September, 2009	3.30 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 29th and 28th 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 (30th) Annual General Meeting.

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 2012. 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 statutory 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 total number of shares in physical form and the total number of dematerialized shares held 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 2011-12 were published are given below:

Quarter ended	Date of Publication	Name of the news papers carrying the publication
30 th June, 2011	13.07.2011	Financial Express and Andhra Prabha
30 th September, 2011	21.10.2011	"
31 st December, 2011	31.01.2012	"
31 st March, 2012	16.05.2012	"

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 2011-12. 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 Thursday, the 20th September, 2012
 Venue : Hotel Golkonda, Masab Tank, Hyderabad-500 028

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

c. Book Closure Dates : From 12.09.2012 to 20.09.2012 (both days inclusive)

d. Dividend payment date:

Board of Directors have recommended a dividend @ Rs.3/- (30%) per share on the equity shares of the Company for the year 2011-12 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

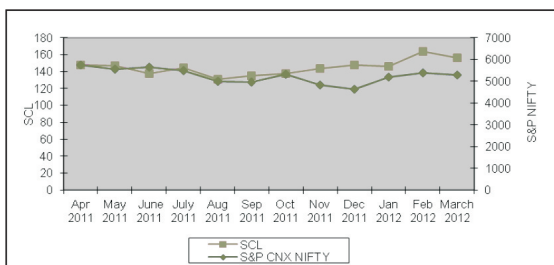
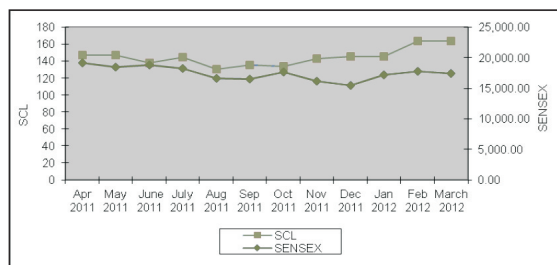
Dividend, other than interim dividend is declared at the Annual General Meeting of the shareholders, based on the recommendation of the Board of Directors. Such recommendation is made by the Board, taking into account inter-alia, company's performance during the year under review, future expansion plans,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

h. Market price details:

High and Low prices for the Company's shares during the Financial Year 2011-12 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 2011	161.40	136.35	147.00	157.20	138.05	147.60
May 2011	160.50	142.30	147.10	157.45	140.00	147.10
June 2011	154.55	132.00	138.00	153.00	131.00	137.50
July 2011	147.00	131.00	145.00	148.00	134.00	144.40
August 2011	147.00	125.00	130.90	147.10	108.00	130.95
September 2011	149.35	130.05	135.55	151.95	125.00	135.00
October 2011	145.00	129.15	134.10	149.30	126.30	137.80
November 2011	145.00	130.00	142.95	144.35	127.00	143.50
December 2011	169.90	135.00	145.55	162.70	135.00	147.45
January 2012	150.00	137.10	145.85	156.00	126.95	145.65
February 2012	197.70	145.10	163.60	187.80	149.85	164.05
March 2012	173.95	147.50	163.40	168.00	147.20	155.80

i. Sagar Cements Shares' Price movements during the year 2011-12 as compared with SENSEX and NIFTY are depicted below:



j. 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
 mailmanager@karvy.com Website: karvycomputershare.com

k. Share Transfer System:

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.

I. Distribution of Shareholding as on 31st March 2012

Shareholding range	Holders	%	Shares held	%
50 and less	1744	20.44	48289	0.30
51 to 100	4988	58.47	491430	2.80
101 to 200	760	8.91	140124	0.80
201 to 300	263	3.08	74162	0.40
301 to 400	122	1.43	47087	0.30
401 to 500	218	2.56	107691	0.60
501 to 1000	227	2.66	186605	1.10
1001 to 5000	161	1.89	348969	2.00
5001 to 10000	18	0.21	140122	0.80
10001 to 20000	8	0.09	118042	0.70
20001 to 50000	6	0.07	198762	1.10
50001 to 100000	1	0.01	51389	0.30
More than 100000	15	0.18	15435342	88.80
Total	8531	100.00	17388014	100.00

Shareholding pattern as on 31st March 2012

Category	Holders	Shares	%	% of shares held in Demat Form
Promoter Group - Individuals	9	8674039	49.89	100.00
Promoter Group - Corporates	2	344785	1.98	100.00
Mutual Funds	7	1171700	6.74	99.86
Fls and Banks	5	4050	0.02	2.47
Foreign Corporate Body	1	1000000	5.75	0.00
Domestic Corporate Bodies	169	4493264	25.84	99.86
Public Holding in excess of 10000 shares	10	203418	1.17	100.00
Public holding 10000 and less shares	8199	1435322	8.25	62.10
NRIs	48	25007	0.14	84.92
HUFs	74	35536	0.20	100.00
Clearing Members	7	893	0.01	100.00
Total	8531	17388014	100.00	



m. 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, 2012 as detailed below:

In physical form		In Demat Form				Total	
		With NSDL		With CDSL			
Shares	%	Shares	%	Shares	%	Shares	%
1,559,685	9	14,901,945	86	926,384	5	17,388,014	100

n. Details of outstanding GDR / ADR / Warrants or any other convertible instruments:

There are no outstanding GDR / ADR / Warrants or any other convertible instruments.

o. Plant Location:

1. Mattampally
Via: Huzurnagar
Nalgonda District
Andhra Pradesh - 508204
2. Pedaveedu Village
Via: Huzurnagar
Nalgonda District
Andhra Pradesh - 508204

p. 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, 2012.

Hyderabad
18th July 2012

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, 2012, 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
18th July 2012

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, 2012, 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 judgment, 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.

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, 2012;
- 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

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.



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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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
15th May 2012

K.Ranganathan
Partner
Membership No.10842



Annexure to the Independent Auditors' Report

The Annexure referred to in the Independent Auditors' Report to the members of Sagar Cements Limited ('the Company') on the financial statements for the year ended March 31, 2012, we report that:

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 or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
8. As the company has not granted or taken loans to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the clause relating to rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, which are prima facie prejudicial to the interest of the company is not applicable to the company.
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, 2012 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
4	Central Excise Authorities	2,24,95,200	1,95,00,000	2008-2009	Denying the benefit of Cenvat credit on capital	Filed an Appeal with goods CESTAT, Bangalore
		6,50,80,000	-	-	Denying the benefit of Cenvat credit on capital goods	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
15th May 2012

K.Ranganathan
Partner
Membership No.10842

BALANCE SHEET



SAGAR CEMENTS LIMITED

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

BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	173.88	173.88
Reserves and Surplus	2.2	2423.13	2042.59
Sub-Total : Shareholders' Funds		2597.01	2216.47
Non-Current Liabilities			
Long - Term Borrowings	2.3	798.28	1198.35
Deferred Tax Liabilities	2.4	446.06	359.77
Other Long - Term Liabilities	2.5	146.48	148.81
Long - Term Provisions	2.6	12.32	5.23
Sub-Total : Non Current Liabilities		1403.14	1712.16
Current Liabilities			
Short - Term Borrowings	2.7	777.13	756.64
Trade payables	2.8	750.05	472.76
Other Current Liabilities	2.9	901.41	855.91
Short - Term Provisions	2.10	198.98	101.31
Sub-Total : Current Liabilities		2627.57	2186.62
TOTAL EQUITY AND LIABILITIES		6627.72	6115.25
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	2.11	3433.66	3464.05
Capital Work - in- Progress		68.71	56.01
Non - Current Investments	2.12	860.27	860.27
Long - term Loans & Advances	2.13	235.73	118.04
Sub-Total : Non - Current Assets		4598.37	4498.37
Current Assets			
Inventories	2.14	856.89	575.39
Trade receivables	2.15	484.48	459.42
Cash and Cash Equivalents	2.16	27.20	28.59
Short- term Loans and Advances	2.17	439.85	383.74
Other current Assets	2.18	220.93	169.74
Sub-Total : Current Assets		2029.35	1616.88
TOTAL ASSETS		6627.72	6115.25
Summary of Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements			

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
15th May, 2012

For and on behalf of the Board

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

Dr.S.Anand Reddy
Joint Managing Director

R.Soundararajan
Company Secretary



STATEMENT OF PROFIT AND LOSS

SAGAR CEMENTS LIMITED

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

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2012

	Notes	31 March 2012	31 March 2011
REVENUE			
Revenue from Operations (Gross)	2.19	6803.80	4828.87
Less : Excise Duty		742.66	577.97
Revenue from Operations (Net)		6061.14	4250.90
Other Income	2.20	7.14	88.86
Total Revenue		6068.28	4339.76
EXPENSES			
Cost of materials consumed	2.21	540.22	496.41
Change in Inventories of Finished goods and work-in-progress	2.22	130.10	(226.96)
Manufacturing expenses	2.23	2324.11	1979.59
Employee Benefit expenses	2.24	265.60	183.84
Other expenses	2.25	1561.33	1092.96
Finance costs	2.26	341.82	311.39
Depreciation	2.11	258.97	275.98
Total expenses		5422.15	4113.21
Profit /(Loss) before tax		646.13	226.55
Tax expense:			
Current tax		129.27	53.66
Deferred tax charge/(credit)		86.28	42.40
MAT Credit Entitlement (credit)		10.58	43.63
Total of tax expenses		204.97	52.43
Profit for the period		441.16	174.12
Basic Earnings per share of Rs.10 each	2.27	25.37	11.61
Diluted Earnings per share of Rs.10 each	2.27	25.37	10.01
Summary of Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements			

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
15th May, 2012

For and on behalf of the Board

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

Dr.S.Anand Reddy
Joint Managing Director

R.Soundararajan
Company Secretary

CASH FLOW STATEMENT



SAGAR CEMENTS LIMITED

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

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2012

	31.03.2012	31.03.2011
A Cash flow from Operating Activities		
Profit before tax	646.13	226.55
Adjustments for		
Depreciation	258.96	275.98
Interest & Finance Charges	341.81	311.40
Profit on sale of Investments	0.00	(71.92)
Dividends received	(0.05)	(7.61)
Profit on Sale of Assets	(0.49)	(0.04)
Loss on Sale of Assets	0.23	0.14
Cash generated from Operations	1246.59	734.50
Less: Expenses		
Interest and Finance charges	344.96	310.25
Income Tax paid	137.42	57.65
Operating Profit before Working Capital changes	764.21	366.60
Movement of Working Capital		
Increase/(Decrease) in Trade Payables	277.29	110.03
Increase/(Decrease) in Long Term Provisions	7.10	3.77
Increase/(Decrease) in Short Term Provisions	1.57	0.52
Increase/(Decrease) in Other Current Liabilities	71.92	(24.29)
Increase/(Decrease) in Other Long Term Liabilities	(2.33)	105.61
Decrease/(Increase) in Trade Receivables	(25.06)	(29.43)
Decrease/(Increase) in Inventories	(281.50)	(67.65)
Decrease/(Increase) in Short Term Borrowings	20.49	41.27
Decrease/(Increase) in Short Term Loans & Advances	32.87	(74.94)
Decrease/(Increase) in Other Current Assets	(50.70)	(115.15)
Net Movement of Working Capital	51.65	(50.26)
Net Cash generated from Operations	815.86	316.34
B Cash Flow from Investing Activities		
Dividend Received	0.05	7.61
Purchase of Fixed Assets & Long Term Loans, Advances	(360.46)	(39.35)
Sale of Fixed Assets	1.28	2.12
Sale of investment	0.00	99.65
Investment	0.00	(479.12)
Cash & Bank balances acquired under the scheme	0.00	2.21
Net cash used in Investing Activities	(359.13)	(406.88)
Cash Flow from Financing Activities		
Receipt of Term Loan	0.00	500.00
Receipt of Hire Purchase Loans	99.85	0.00
Payment of Unsecured Loan	(60.52)	69.57
Increase in Shareholders' Funds	0.00	(0.34)
Dividend paid	(34.78)	(37.51)
Repayment of Term Loans & Hire Purchase Loans	(462.67)	(439.32)
Net Cash used in Financing Activities	(458.12)	92.40
Net increase in cash and cash equivalent	(1.39)	1.86
Cash and Cash equivalent at the beginning of the year	28.59	26.73
Cash and Cash equivalent at the end of the year	27.20	28.59

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
15th May, 2012

For and on behalf of the Board

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

Dr.S.Anand Reddy
Joint Managing Director

R.Soundararajan
Company Secretary



SAGAR CEMENTS LIMITED

All amounts in Rupees Millions, 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 an 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 Exchange Board of India. The financial statements are rounded off to the nearest Rupees millions.

The company has prepared these financial statements as per the format prescribed by the Revised Schedule VI to the Companies Act, 1956 ('the schedule') issued by Ministry of Corporate Affairs. Previous periods' figures have been recast/restated to conform to the classification required by the Revised Schedule VI.

The adoption of Revised Schedule VI does not materially impact recognition and measurement principles followed for the preparation of financial statements. However, it impacts preparation and disclosures made in the financial statements, particularly in presentation of Balance Sheet.

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.

Freehold land is not depreciated. 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.

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

Superannuation

The company contributes to superannuation which is a defined contribution plan as per policy. 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 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 for 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 Millions, except share data and unless otherwise stated

2. Notes to Financial Statements for the year ended 31 March 2012

2.1 SHARE CAPITAL

Particulars	31 March 2012	31 March 2011
Authorized		
20,000,000 (31 March 2011: 20,000,000) Equity shares of Rs.10 each	200.00	200.00
2,000,000 (31 March 2011 : 2,000,000) Preference shares of Rs.10 each	20.00	20.00
Total	220.00	220.00
Issued, Subscribed & Paid-up		
17,388,014 (31 March 2011: 15,002,300) Equity shares of Rs.10 each	173.88	150.02
Equity share capital suspense account (See Note 1)	0.00	23.86
Total	173.88	173.88



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

Equity shares	31 March 2012		31 March 2011	
	No. of shares	Rs. Millions	No. of shares	Rs. Millions
At the beginning of the period	15,002,300	150.02	15,002,300	150.02
No of shares Issued during the period (See note 1)	2,385,714	23.86	0.00	0.00
Outstanding at the end of the period	17,388,014	173.88	15,002,300	150.02

1. The company had issued 2,385,714 equity shares during the year ended 31.03.2012 to the equity shareholders of erstwhile Amareswari Cements Limited pursuant to the Scheme of Arrangement for Merger approved by the shareholders on 7th March 2011 and later sanctioned by the Honorable High Court of Andhra Pradesh. The amount was shown as Equity Share Capital Suspense Account during the year ended 31.03.2011 pending allotment of the same.
2. 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 proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
3. For the year ended 31 March 2012, the amount of per share dividend recognized as distribution to equity shareholders is Rs.3 (31 March 2011: Rs.2 per share).
4. 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 2012		31 March 2011	
	No. of Shares	% of holding	No. of Shares	% of holding
S.Veera Reddy	1643795	9.45	1089610	7.26
W.Malathi			755400	5.04
S.Aruna	1369545	7.88		
S. Rachana	1153230	6.63		
S.Anand Reddy	1137743	6.54		
S.Sreekanth Reddy	1085757	6.24		
S.Vanajatha	990769	5.70		
Amareswari Cements Ltd.			900000	6.00
AVH Resources India Pvt. Ltd.	2636366	15.16	2249254	14.99
SBI Mutual Fund	1170000	6.73	1169137	7.79
Twinvest Financial Services Limited	1142985	6.57	1059625	7.06
Parficim S.A.S (A Subsidiary of Vicat S.A)	1000000	5.75	1000000	6.67

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 2012	31 March 2011
Capital Reserve	3.50	3.50
Securities Premium Reserve	1050.31	1050.31
General Reserve		
Balance as per the last Financial statement	159.84	142.44
Add: Amount transferred from surplus	200.00	17.40
Closing balance	359.84	159.84
Profit & Loss Account		
Balance as per the last Financial statement	828.94	768.09
Add: Profit & Loss Account	441.16	117.49
Less: Proposed Dividend	52.16	34.78
Less: Tax on Proposed Dividend	8.46	4.46
Less: Transfer to general reserve	200.00	17.40
Total Appropriations	260.62	56.64
Closing balance	1009.48	828.94
Total	2423.13	2042.59

2.3 LONG-TERM BORROWINGS

Particulars	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Non-current portion		Current Maturities	
Secured				
Term Loans from Financial Institutions - Indian Rupees				
Andhra Pradesh State Financial Corporation Ltd. (Refer Note 5 & 6)	30.03	53.75	23.89	26.65
Term Loans from Banks - Indian Rupees				
IDBI Bank Ltd (Refer Note No.1)	150.00	350.00	200.00	200.00
State Bank of India (Refer Note No.2)	72.60	162.60	90.00	90.79
State Bank of Hyderabad (Refer Note No 3)	71.50	171.50	100.00	100.00
State Bank of Hyderabad (Refer Note No 4)	360.00	410.00	52.50	30.00
Total	684.13	1147.85	466.39	447.44
Other Loans & Advances (Unsecured)				
Sales Tax Deferment (Refer Note No.7)	50.06	50.06	0.00	0.00
Hire Purchase Loans (Secured)				
Vehicle Loans from Banks (Refer Note No 8)	64.09	0.44	36.18	17.90
Total of Secured & Unsecured	798.28	1198.35	502.57	465.34



1. Term Loan of Rs.1000 Million in Indian Rupees was taken from IDBI Bank during the year 2008-09 and is repayable in 60 monthly installments of Rs.16.70 Million each. The loan was sanctioned with interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. As of 31.03.2012, out of 60 installments, 39 installments have been paid and the balance installments to be paid are 21. Present rate of interest as on 31.03.2012 is 14% (31.03.2011: 12.75%). The term loan from the bank is secured by *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 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.450 Million in Indian Rupees was taken from State Bank of India during the year 2008-09 and is repayable in 60 monthly installments of Rs.7.50 Million each. The loan was sanctioned with interest at 0.50% below Stat Bank Advance Rate and is payable at monthly rests. As of 31.03.2012 out of 60 installments 39 installments have been paid and the balance installments to be paid are 21. Present rate of interest as on 31.03.2012 is 14.75% (31.03.2011: 13.00%). The term loan from the bank is secured by *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 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.500 Million in Indian Rupees was taken from State Bank of Hyderabad during the year 2008-09 and is repayable in 60 monthly installments of Rs.7.50 Million each . The loan was sanctioned with interest at 75 base points below prime lending rate of the Bank and is payable at monthly rests. As of 31.03.2012, out of total 60 installments, 39 installments have been paid and the balance installments to be paid are 21. Present rate of interest as on 31.03.2012 is 14.25% (31.03.2011 : 13.00%). The term loan from the bank is secured by *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 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.450 Million in Indian Rupees was taken from State Bank of Hyderabad during the year 2010-11 and is repayable in 60 monthly installments from December, 2010. As of 31.03.2012 out of 60 installments, 16 Installments have been paid and balance 44 installments to be paid every month at Rs.2.50 Million for first 9 Installments and Rs.10 Million for next 27 installments and Rs.15 Million for next 7 installments and last installment of Rs.12.50 Million. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.2012 is 14.75% (31.03.2011: 13.25%). The term loan from the bank is secured by *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 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.100 Million in Indian Rupees was taken from Andhra Pradesh State Financial Corporation Ltd., during the year 2008-09 and is repayable in 22 Quarterly installments from January, 2009 @ Rs.4.40 Million. As of 31.03.2012 out of Quarterly 22 installments, 19 have been paid and the balance 3 installments are to be paid. The interest was fixed at 2.75% below Bench Mark Prime Lending rate of interest. Present rate of interest as on 31.03.2012 is 11.75% (31.03.2011: 11.75%). The term loan from the APSFC is secured by



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 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.50 Million in Indian Rupees was taken from Andhra Pradesh State Financial Corporation Ltd., during the year 2010-11 and is repayable in 55 monthly installments of Rs.91 Million each. As of 31.03.2012 out of 55 installments, 11 installments have been paid and balance installments to be paid are 44. The interest was fixed at 3% below Bench Mark Prime Lending rate of interest. Present rate of interest as on 31.03.2012 is 13% (31.03.2011: 13.00%). The term loan from the APSFC is secured by *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 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.
7. Sales Tax Deferred amount payable pertains to Amareswari Cements Limited. This is pursuant to the Scheme of Merger approved by the shareholders on 7th March 2011 and later sanctioned by the Honorable High Court of Andhra Pradesh. The repayment schedule is as below:

	(Rs. in Millions)
FY 2014-15	0.29
FY 2015-16	8.98
FY 2016-17	21.86
FY 2017-18	18.93
Total	50.06

8. Vehicle Loans from L & T Finance and various Banks is secured by the Hypothecation of Specific assets purchased from that loan 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 2012	31 March 2011
Deferred Tax Liabilities	446.06	359.77

2.5 OTHER LONG TERM LIABILITIES

Particulars	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Non-current portion		Current Maturities	
Deposits from Dealers	131.80	113.15	42.42	3.45
Sundry Creditors - Capital Goods	14.68	35.66	0.00	0.00
Total	146.48	148.81	42.42	3.45



2.6 LONG TERM PROVISIONS

Particulars	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Non-current portion		Current Maturities	
Provision for Employee Benefits				
Provision for Gratuity	12.32	5.23	0.00	0.00
Provision for Employee Bonus & Ex-gratia	0.00	0.00	9.03	7.52
Provision for Leave benefits	0.00	0.00	0.00	0.00
Total	12.32	5.23	9.03	7.52
Other Provisions				
Provision for Income Tax	0.00	0.00	129.27	53.37
Provision for Dividend	0.00	0.00	52.16	34.78
Provision for Dividend Tax	0.00	0.00	8.46	5.64
Others	0.00	0.00	0.06	0.00
Total	0.00	0.00	189.95	93.79
Total	12.32	5.23	198.98	101.31

2.7 SHORT TERM BORROWINGS

Particulars	31 March 2012	31 March 2011
1. Cash Credit Loans from Banks (Secured)		
State Bank of Hyderabad	351.58	293.97
State Bank of India	290.50	327.07
IDBI Bank Ltd	112.21	99.50
Total	754.29	720.54
2. Bills Discounting	22.84	36.10
Total Short Term Borrowings	777.13	756.64

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 @ 13% to 14.5%.

2.8 TRADE PAYABLES

Particulars	31 March 2012	31 March 2011
Trade payables	750.05	472.76

Out of the said amount Rs.0.13 Million (Previous Year : Nil) pertain 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 2012 (Previous Year: Nil).



2.9 OTHER CURRENT LIABILITIES

Particulars	31 March 2012	31 March 2011
1. Current Maturities of Long term Borrowings		
Andhra Pradesh State Financial Corporation Ltd.	23.89	26.65
State Bank of Hyderabad (STCL)	52.50	30.00
State Bank of Hyderabad	100.00	100.00
State Bank of India	90.00	90.79
IDBI Bank Ltd.	200.00	200.00
Total of Term Loans	466.39	447.44
Hire Purchase Loans	36.18	17.90
Total of Current Maturities on Long Term Borrowings	502.57	465.34
2. Other Liabilities		
Deposits from Dealers	42.42	3.45
Advances from Customers Cement & Others	149.55	133.94
Unsecured Loans	40.00	100.52
Value added Tax & CST Payable	77.41	86.69
Service Tax Payable	0.00	(0.03)
Excise duty Payable	5.01	9.77
TDS Payable	5.42	6.47
Employee related payables P.F.,ESI & Others	1.58	0.89
Unclaimed dividends (Note)	4.07	3.50
Interest Accrued but not Due	13.61	16.70
Interest Accrued & Due	0.00	0.05
Commission on Profits Payable	31.61	0.00
Others	28.16	28.62
Total Other Liabilities	398.84	390.57
Total Other Current Liabilities	901.41	855.91

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

2.10 SHORT TERM PROVISIONS

Particulars	31 March 2012	31 March 2011
Provision for Income Tax	129.27	53.37
Provision for Dividend	52.16	34.78
Provision for Dividend Tax	8.46	5.64
Provision for Employee Bonus & Ex-gratia	9.03	7.52
Others	0.06	0.00
Total	198.98	101.31



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
At 1st April, 2010	113.33	787.29	2800.19	27.97	386.47	19.62	14.25	35.92	55.99	239.72	4480.75
Acquired during the year through Merger	2.18	25.47	96.34	0.00	2.26	0.34	0.32	0.00	2.13	0.76	129.80
Additions	7.15	21.03	29.63	0.00	3.15	0.52	2.22	1.63	14.13	0.00	79.46
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.10	0.08	6.18
At 31st March, 2011	122.66	833.79	2926.16	27.97	391.88	20.48	16.79	37.55	66.15	240.40	4683.83
Additions	59.59	58.98	51.38	0.00	0.89	0.21	1.13	1.41	11.69	44.32	229.60
Disposals									5.03		5.03
At 31st March, 2012	182.25	892.77	2977.54	27.97	392.77	20.69	17.92	38.96	72.81	284.72	4908.40
Depreciation											
At 1st April, 2010	0.00	103.91	483.54	17.96	115.83	6.89	6.43	20.18	38.25	112.39	905.38
Acquired during the year through Merger	0.00	10.34	29.36	0.00	1.44	0.34	0.08	0.00	0.36	0.46	42.38
Charge for the year	0.00	36.37	152.67	1.48	37.20	2.34	1.25	5.46	6.56	32.65	275.98
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.88	0.08	3.96
At 31st March, 2011	0.00	150.62	665.57	19.44	154.47	9.57	7.76	25.64	41.29	145.42	1219.78
Charge for the year	0.00	36.18	150.16	1.48	32.22	1.98	1.29	4.14	7.20	24.32	258.97
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.01	0.00	4.01
At 31st March, 2012	0.00	186.80	815.73	20.92	186.69	11.55	9.05	29.78	44.48	169.74	1474.74
Net Block											
At 31st March, 2011	122.66	683.17	2260.59	8.53	237.41	10.91	9.03	11.91	24.86	94.98	3464.05
At 31st March, 2012	182.25	705.97	2161.81	7.05	206.08	9.14	8.87	9.18	28.33	114.98	3433.66



2.12 NON CURRENT INVESTMENTS

Particulars	31 March 2012	31 March 2011
Non Trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (Unquoted) - Associate Company		
65,236,399 Equity Shares of Rs.10 each in Vicat Sagar Cement Private Ltd., (March 31, 2011: 65,236,399 Equity Shares)	860.00	860.00
26,000 Equity Shares of Rs.10 each in Panchavati Polyfibres Ltd., (March 31, 2011: 26,000 Equity Shares)	0.26	0.26
Investment in equity instruments (Unquoted) - Others		
500 Equity Shares of Rs.10 each in PCL Financial Services Ltd., (March 31, 2011: 500 Equity Shares)	0.01	0.01
Total	860.27	860.27

2.13 LONG-TERM LOANS & ADVANCES

Particulars	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Non-current portion		Current Maturities	
Unsecured considered good				
Capital Advances				
Advance for Land	21.18	1.99	0.00	0.00
Advances to Capital goods	56.27	3.15	0.00	0.00
Total of Capital Advances	77.45	5.14	0.00	0.00
Security Deposits				
Deposits with APSEB	76.89	72.42	0.00	0.00
Deposits with Banks	38.50	0.00	0.00	0.00
Total of Security Deposits	115.39	72.42	0.00	0.00
Other Loans & Advances				
Rental Deposit	4.05	0.00	0.00	0.00
Deposit South Central Railways & Suppliers	5.00	5.00	94.16	137.46
Total of Loans & Advances	9.05	5.00	94.16	137.46
Deposits in disputed cases				
Advance to Central Excise	19.50	19.50	0.00	0.00
Deposits with APSEB	10.80	10.80	0.00	0.00
APGST paid under protest	3.23	5.18	0.00	0.00
Deposit with Road Transport Authority	0.31	0.00	0.00	0.00
Total of deposits in disputed cases	33.84	35.48	0.00	0.00
Total	235.73	118.04	94.16	137.46



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

Particulars	31 March 2012	31 March 2011
Raw materials	34.97	34.91
Work in Progress	133.01	245.08
Finished goods	45.27	63.30
Stores	150.77	122.91
Packing Materials	23.40	13.64
Coal	160.87	90.33
Goods in Transit		
Coal	307.42	2.67
Raw materials	0.42	0.65
Packing Materials	0.76	1.90
Total	856.89	575.39

2.15 TRADE RECEIVABLES

Particulars	31 March 2012	31 March 2011
Debtors outstanding for a period exceeding six months		
Secured, considered good	5.63	11.68
Unsecured, considered good	20.73	28.36
Total	26.36	40.04
Debtors outstanding for a period less than six months		
Secured, considered good	227.26	129.56
Unsecured, considered good	230.86	289.82
Total	458.12	419.38
Total Trade Receivables	484.48	459.42

2.16 CASH & CASH EQUIVALENTS

Particulars	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Non-Current		Current	
Cash in Hand	0.00	0.00	0.18	0.27
Cash at Banks	0.00	0.00	21.72	2.47
Gold Coins at cost	0.00	0.00	0.58	1.45
On Dividend accounts	0.00	0.00	4.07	3.50
Deposits with Banks	38.50	0.00	0.65	20.90
Total	38.50	0.00	27.20	28.59



2.17 SHORT TERM LOANS AND ADVANCES

Particulars	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Non-Current		Current	
Advances to Suppliers	5.00	5.00	94.16	137.46
Advances to Others	4.05	0.00	21.82	9.15
Deposits with Suppliers	0.00	0.00	42.52	51.26
Balances with Income Tax Authorities	0.00	0.00	253.66	164.67
Central Excise & Cenvat & Service Tax Receivable	0.00	0.00	27.69	16.00
Others	0.00	0.00	0.00	5.20
Total	9.05	5.00	439.85	383.74

2.18 OTHER CURRENT ASSETS

Particulars	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Non-Current		Current	
Incentives Receivable from A.P Government	0.00	0.00	204.65	151.03
Other Current Assets	0.00	0.00	16.28	18.71
Total	0.00	0.00	220.93	169.74

2.19 REVENUE FROM OPERATIONS

Particulars	31 March 2012	31 March 2011
Sale of Products (Note 1)	6690.93	4724.75
Less: Excise Duty	742.66	577.97
Net Sales	5948.27	4146.78
Other Operating Income (Note 2)	112.87	104.12
Total	6061.14	4250.90

- Up to the Accounting Year ending 31.03.2011 taxes on Sale of Products were included in sale. For the year ending 31.03.2012 Sale of Products is recognised excluding taxes on sale. The change does not impact the profit. However, it would impact the figures shown as "Sale of Products" above.

Reconciliation of sale of products	31 March 2012	31 March 2011
Sale of Products including taxes on sale	7546.88	5346.51
Less: Taxes On Sale	855.95	621.76
Sale of Products	6690.93	4724.75

- 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 claiming the Incentives on Value Added Tax and Power Consumption. General Manager, DIC, Nalgonda has recommended an amount of Rs.112.87 Million (Previous year 104.12 Million) during the year to the State Level Committee. This amount has been considered as Other Operating income.



2.20 OTHER INCOME

Particulars	31 March 2012	31 March 2011
Interest Income	5.88	5.14
Dividend Income	0.05	7.61
Net gain on sale of Investments	0.00	71.92
Other Income	1.21	4.19
Total	7.14	88.86

2.21 COST OF MATERIAL CONSUMED

Particulars	31 March 2012	31 March 2011
Raw materials Inventory at the Beginning of the year	33.00	12.92
Add: Purchases	541.42	516.49
Total	574.42	529.41
Less: Inventory at the end of the year	34.20	33.00
Cost of Raw materials consumed	540.22	496.41
Details of Raw materials consumed		
Limestone	233.74	242.82
Laterite	49.29	35.60
Iron ore/Iron ore sludge	6.75	26.33
Mill-scale	52.90	46.77
Dolomite	0.00	0.12
Gypsum	124.72	95.97
Fly Ash	65.64	40.16
Others	7.18	8.64
Total	540.22	496.41
Details of Inventory		
Limestone	14.53	9.10
Laterite	6.11	3.49
Iron ore/Iron ore sludge	0.36	0.00
Mill-scale	5.92	3.26
Gypsum	7.04	11.80
Fly Ash	0.24	0.04
Others	0.00	5.31
Total	34.20	33.00

2.22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	31 March 2012	31 March 2011
Closing stock of Work in Progress	133.01	245.08
Closing stock of Finished goods	45.27	63.30
Total	178.28	308.38
Opening stock of Work in Progress	245.08	68.49
Opening stock of Finished goods	63.30	12.93
Total	308.38	81.42
(Increase) /Decrease in stocks	130.10	(226.96)



2.23 OTHER MANUFACTURING EXPENSES

Particulars	31 March 2012	31 March 2011
Coal consumed	1317.43	1035.84
Power	546.37	546.09
Packing Material	235.47	190.08
Stores & spares consumed	145.04	147.11
Repairs & Maintenance Plant & Machinery	54.80	49.51
Repairs & Maintenance Buildings	7.51	0.79
Repairs & Maintenance Vehicles	2.82	1.98
Repairs & Maintenance Others	8.62	2.84
Colony Maintenance	3.43	3.12
Vehicle Maintenance	2.62	2.23
Total	2324.11	1979.59

2.24 EMPLOYEE BENEFIT EXPENSES

Particulars	31 March 2012	31 March 2011
Salaries, Wages, Bonus & Allowances	232.42	164.59
Contribution to Provident Fund & Other Funds	10.30	8.44
Staff welfare expenses	22.88	10.81
Total	265.60	183.84

2.25 OTHER EXPENSES

Particulars	31 March 2012	31 March 2011
Transportation paid	1039.12	726.97
Selling expenses	423.75	304.11
Security services	6.17	3.71
Administrative expenses	17.47	15.69
Legal & Professional expenses	8.91	5.53
Payments to auditors (refer details below)	0.85	0.70
Insurance	11.84	9.29
Travelling and Conveyance	10.42	8.22
Rent Paid	6.24	4.36
Rates, Taxes & Licenses	6.06	6.08
Donations	3.48	3.34
Incentives excess provision written off	24.25	0.00
Other Expenses	2.77	4.96
Total	1561.33	1092.96
Payment to Auditors		
Internal Audit Fees	0.16	0.20
Internal Audit Expenses	0.03	0.02
Audit Fees	0.50	0.37
Reimbursement of Audit Expenses	0.00	0.01
Cost Audit Fees	0.16	0.10
Total Payment to Auditors	0.85	0.70



2.26 FINANCE COST

Particulars	31 March 2012	31 March 2011
Interest		
On Term Loans	190.34	183.29
On Working capital Loans	101.87	95.34
Sub-Total : Interest	292.21	278.63
Bank Charges & Others	49.61	32.76
Total Finance Cost	341.82	311.39

2.27 EARNINGS PER SHARE

Particulars	31 March 2012	31 March 2011
1. Net Profit& Loss for the period	441.16	174.12
Shares		
Number of shares at the beginning of the period	15002300	15002300
Equity share suspense	0	2385714
Add: Shares issued during the period	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	25.37	11.61
Diluted	25.37	10.01

2.28 CONTINGENT LIABILITIES

Particulars	31 March 2012		31 March 2011	
	Disputed Amount	Paid under Protest	Disputed Amount	Paid Under Protest
APTRANSCO Voltage surcharge and grid supporting charges (Refer Note 1)	17.35	10.80	17.35	10.80
Demand by Sales tax authorities year 2009-10-Sale of Fixed Assets (Refer Note 2)	10.94	2.74	10.94	2.74
Demand by Sales Tax authorities year 1999-2000-Interest on delayed payment (Refer Note 3)	1.96	0.49	1.96	0.49
Demand by Income tax Department Assessment year 2006-07 disallowances (Refer Note 4)	7.50	0.00	7.50	0.00
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note 5)	22.50	19.50	22.50	19.50
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note 6)	65.08	0.00	0.00	0.00
Demand by Road Transport Authority, Nalgonda for payment of Life Tax on dumpers used in the mines (Refer Note No. 7)	2.85	0.32	0.00	0.00
Bank Guarantees	33.53	0.00	29.21	0.00



1. APTRANSCO had raised a demand of Rs.17.35 Million towards voltage surcharge and grid supporting charges and the company has paid Rs.10.80 Million 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.10.94 Million in respect of tax on sale of fixed assets. The company has paid an amount of Rs. 2.74 Million and contested before the Sales Tax Appellate Tribunal.
3. Demand raised by the Sales Tax Authorities on Amareswari Cements Limited for a sum of Rs.1.96 Million (this is consequent to the merger of Amareswari Cements Limited with Sagar Cements Limited) 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.0.49 Million.
4. The Income Tax Department has raised a demand of Rs.7.50 Million on disallowances of certain expenditure related to the AY 2006-07 and the same is contested before the Commissioner Appeals.
5. The Excise Department has raised a demand of Rs.22.50 Million denying the benefit of Cenvat credit on dumpers used in captive mines. The company has paid an amount of Rs. 19.50 Million under protest and filed an appeal with CESTAT, Bangalore. Matter is pending before CESTAT.
6. The Excise Department has raised a demand of Rs.65.08 Million 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 served by the RTA, Nalgonda demanding Life Tax on 8 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.

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 2012		31 March 2011	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Defined benefit obligation at the beginning of the year	19.63	3.44	16.09	4.24
Current service cost	2.02	1.58	3.91	(0.80)
Interest cost	1.66	0.27	1.29	0.34
Actuarial (gain) / loss	6.84	(1.54)	(0.13)	4.57
Benefits paid	(0.67)	(0.57)	(1.52)	(4.91)
Defined benefit obligation at the year end	29.48	3.18	19.63	3.44



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

Description	31 March 2012		31 March 2011	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets at the beginning of the year	14.41	-	14.62	-
Expected return on plan assets	1.40	-	1.29	-
Actuarial gain / (loss)	(0.06)	-	0.02	-
Employer contribution	2.08	-	0.00	-
Benefits paid	(0.67)	-	(1.52)	-
Fair value of plan asset at the year end	17.16	-	14.41	-

c) Reconciliation of fair value of assets and obligations

Description	31 March 2012		31 March 2011	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets as at 31 st March, 2012	17.16		14.41	-
Present value of obligations as at 31 st March, 12	29.48	3.18	19.63	3.44
Amount recognized in the Balance sheet	(12.32)	(3.18)	(5.22)	(3.44)

d) Expenses recognized during the year

Description	31 March 2012		31 March 2011	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	2.02	1.58	3.91	(0.81)
Interest cost	1.66	0.27	1.29	0.34
Expected return on plan assets	(1.39)	0.00	(1.29)	0.00
Actuarial gain / (loss)	6.89	(1.55)	(0.15)	4.57
Net cost	9.18	0.30	3.76	4.10

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

Actuarial assumptions

- Mortality table (LIC) 1994-96 (ultimate)
- Discounting rate 8.60 %
- 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:

List of related parties and relationships

S.No	Nature of Relationship	Name of the Company	Country
1	Associate Company	Vicat Sagar Cement Private. Ltd.	India
2	Transactions with Companies in which Directors are interested	a. Sagar Power Ltd. b. Panchavati Polyfibres Ltd. c. Sagarpriya Housing and Industrial Enterprises Ltd d. Golkonda Hospitality Services and Resorts Ltd. e. BSCPL Infrastructure Ltd.	India
3	Directors interested in individual capacity	a. Sri O.Swaminatha Reddy, Chairman b. Sri S.Veera Reddy, Managing Director c. Dr.S.Anand Reddy, Joint Managing Director d. Sri S.Sreekanth Reddy, Executive Director e. Sri K.Thanu Pillai, Director f. Sri Werner C.R.Poot, Director g. Sri. Gilbert Noel Claude Natta, Director	

Related Party Transactions

Nature of Transaction	Company in which Directors are interested	Directors in individual capacity are interested	Directors Relatives are interested	Total
Purchase of power	91.86			91.86
Sale of goods Cement		4.44		4.44
Dividend Received	0.05			0.05
Dividend Paid	0.06	7.71		7.77
Remuneration to Directors		56.79		56.79
Purchase of bags	243.00			243.00
Rent Deposit (New Office)		2.70	1.35	4.05



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

Particulars	31 March 2012	31 March 2012	31 March 2011	31 March 2011
Raw Materials	% of Total Consumption	Value of Consumption	% of Total Consumption	Value of Consumption
Imported	0	0	0	0
Indigenous	100	541	100	496
Total	100	541	100	496
SPARE PARTS				
Imported	0.97	1.39	0.98	1.44
Indigenous	99.03	141.47	99.02	145.67
Total	100.00	142.86	100.00	147.11

2.32 CAPITAL COMMITMENTS

Particulars	31 March 2012	31 March 2011
Estimated amount of Contracts remaining to be executed on capital account	109.47	19.24

2.33 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2012	31 March 2011
Components & Spare parts	6.69	1.44
Total	6.69	1.44

2.34 EXPENDITURE IN FOREIGN CURRENCY

Particulars	31 March 2012	31 March 2011
Travelling	1.43	0.60
Total	1.43	0.60

2.35 DIVIDEND REMITTANCE IN FOREIGN CURRENCY

Particulars	31 March 2012	31 March 2011
Number of shares on which dividends were remitted	1,000,000	1,000,000
Amount Remitted (Rs. In Millions)	2.00	2.50
Period to which dividend payment relates	Year ended March 31, 2011	Year ended March 31, 2010

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants

K.Ranganathan
Partner

Hyderabad
15th May, 2012

For and on behalf of the Board

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

Dr.S.Anand Reddy
Joint Managing Director

R.Soundararajan
Company Secretary



BALANCE SHEET ABSTRACT

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Inserted by Notification No.GSR 388 (E), dt.15.5.1995)

I. Registration Details

Registration No.	:	2887	State Code	:	01
Balance Sheet Date	:	31 Date	3 Month	2012 Year	

II. Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue	:	Nil	Rights Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	Nil

III. Position of Mobilization and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	:	6627720	Total Assets	:	6627720
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Sources of Funds

Paid-up Capital	:	173880	Reserves and Surplus	:	2423130
Non-Current Liabilities	:	1403140	Current Liabilities	:	2627570

Application of Funds

Non-Current Fixed Assets	:	4598370	Current Assets	:	2029350
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IV. Performance of Company (Amount in Rs.Thousands)

Total Turnover	:	6068280	Total Expenditure	:	5422150
Profit / (Loss) before Tax	:	646130	Profit / (Loss) after Tax	:	441160
Basic Earning Per Share (Rs.)	:	25.37	Dividend Rate	:	30%
Diluted Earning Per Share (Rs.)	:	25.37			

V. Generic Names of Principal Products of the Company

Product Description	Item Code No. (ITC Code)
Cement	252300
Clinker	252310



SAGAR CEMENTS LIMITED

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

**THIRTY FIRST 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 First Annual General Meeting of the Company to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028, on **Thursday, the 20th September, 2012 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. : _____

No. of Shares : _____

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 FIRST 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 First Annual General Meeting of the Company to be held on **Thursday, the 20th September, 2012 at 4.00 p.m.** at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof.

Signed this _____ day of _____ 2012

No. of Shares _____

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.

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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
Fax: 040 - 23356573
www.sagarcements.in

Leader in Special Cements

Ordinary Portland Cement
(OPC Grade 43 & Grade 53)

Sulphate Resistant Cement

Special Grade Ordinary
Portland Cement.

Special Cements