



SAGAR CEMENTS LIMITED



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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 John-Eric Fernand Pascal Cesar Bertrand	Non Executive
Shri K.Rajendra Prasad	APIDC Nominee
Shri G.Suneel Babu	IDBI Nominee and Independent (upto 5.8.2014)

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	President (Projects)
Shri P.S.Prasad	Vice President (Marketing)
Shri O.Anji Reddy	Vice President (Electrical & Installations)
Shri K.V.Ramana	Vice President (Mines)
Shri K.Prasad	Asst.Vice President (Finance)

Site:

Shri P.Vasudeva Reddy	Vice President (Works)
Shri M.V.Ramana Murthy	Asst.Vice President (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, Telangana 508 204 Tel: 08683 – 247039	Pedaveedu, Via Huzurnagar Nalgonda District, Telangana 508 204 Tel.08683 – 216533 / 247333
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SAGAR CEMENTS LIMITED

NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the Members of Sagar Cements Limited will be held on Wednesday the 24th September 2014 at 4.00 p.m. at Hotel Golkonda, Masab Tank, Hyderabad – 500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and the Statement of Profit and Loss for the financial year ended 31st March, 2014 and the Reports of the Directors and Auditors thereon and to consider and, if deemed fit, to pass the following resolution for the purpose as an Ordinary Resolution:

“RESOLVED THAT the audited accounts of the Company containing the Balance Sheet as at and the Statement of Profit & Loss for the year ended 31st March 2014 together with their annexure and the reports of the auditors and directors thereon be and are hereby received, considered, approved and adopted.”

2. To re-appoint Dr.S.Anand Reddy (holding Director Identification Number: 00123870), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 as director and being eligible, offers himself for the said re-appointment and, if deemed fit, to pass the following resolution for the purpose as an Ordinary Resolution:

“RESOLVED THAT Dr.S.Anand Reddy (holding Director Identification Number: 00123870) be and is hereby re-appointed as a director liable to retire by rotation.”

3. To appoint Auditors to hold office from the conclusion of this Meeting, for 3 (three) consecutive years till the conclusion of the 36th Annual General Meeting of the Company in the calendar year 2017 and in this regard, to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, M/s. P.Srinivasan & Co (Firm Registration No.004055S), Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of the Annual General Meeting, for three consecutive years until the conclusion of the 36th Annual General Meeting of the Company in the calendar year 2017, subject to ratification by the shareholders annually, at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

4. **Appointment of Shri John-Eric Fernand Pascal Cesar Bertrand (holding Director Identification Number: 06391176) as a Director liable to retire by rotation.**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri John-Eric Fernand Pascal Cesar Bertrand (holding Director Identification Number: 06391176) be and is hereby appointed as a director liable to retire by rotation.”

5. **Appointment of Shri O.Swaminatha Reddy as Independent Director**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri O.Swaminatha Reddy (holding Director Identification Number: 00006391), a Non-Executive Director of the Company, who has submitted a declaration that he meets with the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as Independent Director of the Company, to hold office for five consecutive years.”

6. **Appointment of Shri K.Thanu Pillai as Independent Director.**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014



(including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri K.Thanu Pillai (holding Director Identification Number: 00025312), a Non-Executive Director of the Company, who has submitted a declaration that he meets with the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as Independent Director of the Company, to hold office for five consecutive years."

7. Cost Auditors Remuneration

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratify the remuneration of Rs.2,00,000/- excluding reimbursement of actual travel and out of pocket expenses and applicable taxes to M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Hyderabad
13th August, 2014

R.Soundararajan
Company Secretary

Notes:

1. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 on Special Business covering Item Nos.4 to 7 in the Notice is given in the Annexure-1, which forms part of this Notice.
2. The details required to be given under Clause 49 of the Listing Agreement with the Stock Exchanges, in respect of Item No.2, 4, 5 and 6 are given in the Annexure-2, which forms part of this Notice.
3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote on his behalf in the meeting and the proxy need not be a member of the company. The instrument appointing the proxy, duly completed and signed must be deposited at the Registered Office of the company not less than forty eight hours before the commencement of the meeting.
4. A person can act as a proxy on behalf of members upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
5. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
6. Members holding shares in physical form are requested to inform about the change in their addresses immediately to the Company or its Registrar and Share Transfer Agents (RTA), M/s.Karvy Computershare Private Limited (Karvy).
7. To promote green initiative, members are requested to register their e-mail address through their Depository Participants for sending their future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.
8. Electronic copy of the Annual Report is being sent to all the members whose e-mail IDs are registered with the Company's RTA/Depository Participants, unless any member has requested for a hard copy of the same. For members, who have not registered their e-mail address, physical copies of the Annual Report are being sent through the permitted mode.
9. The Register of Members and Share Transfer Books of the Company will remain closed during the period from 17th September, 2014 to 24th September, 2014 (both days inclusive).



10. Consequent upon the amendment to Section 205A of the Companies Act 1956 and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the un-claimed dividends for the financial year ended 31st March, 1996 onwards and up to the financial year ended 31st March, 2007 were duly transferred to the Investors Education and Protection Fund set up by the Government of India.

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

Year	Nature of Dividend
2007-08	Interim and Final
2008-09	Final
2009-10	Final
2010-11	Final
2011-12	Final
2012-13	Final

12. Members may note that the Annual Report for 2013-14 will also be available on the Company's website www.sagarcements.in for their download.

13. Voting through Electronic Means:

- i. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is providing facility to the members to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means through e-voting platform provided by Karvy Computershare Pvt.Ltd.

The instructions for e-voting are as under:

- Use the following URL for e-voting:
From Karvy website: <http://evoting.karvy.com>
- Shareholders of the company holding shares either in physical form or in dematerialized form, as on 16.09.2014 (End of Day) may cast their vote electronically.
- Enter the login credentials i.e., User ID and Password mentioned in the Postal Ballot Form sent with the Annual Report. This Postal Ballot Form is sent to the Shareholders to enable those who do not have access to e-voting facilities, to send their assent or dissent in writing in respect of the resolutions set-out in this notice. Your Folio / DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:	
	a) For NSDL	8 Character DP ID followed by 8 Digits Client ID
	b) For CDSL	16 digits beneficiary ID
	c) For Members holding shares in Physical Form	Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Attendance Slip / forwarded via email through the electronic notice	
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.	

- After entering the details appropriately, click on LOGIN.
- Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- vi. You need to login again with the new credentials.
- vii. On successful login, system will prompt you to select the 'Event' i.e., 'Company Name'.
- viii. If you are holding shares in Demat form and had logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- ix. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder does not want to cast his vote, he may select 'ABSTAIN'.
- x. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xi. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xii. The portal will be open for voting from 10.30 a.m. on 18.09.2014 to 6.30 p.m. on 20.09.2014.
- xiii. Please contact Karvy Computershare Private Limited at Toll Free No.1-800-34-54-001 for any further clarification and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com>.
- II. The company has appointed Sri S.Srikanth, a practicing Company Secretary (C.P.No.7999), as the 'Scrutinizer' for conducting the E-voting process in a fair and transparent manner.
- III. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the company and shall submit his report to the company after completion of the scrutiny. The result of the voting will be announced on or after the date of the AGM. The result of the voting will also be posted on the company's website www.sagarcements.in within two (2) days of passing of the resolutions at the AGM of the company and communicated to the respective Stock Exchanges.
14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the company during normal business hours (9.30 a.m. to 6.00 p.m.) on all working days except Saturdays and Sundays, up to the date of the Annual General Meeting of the Company.
15. Section 72 of the Companies Act, 2013 provides for Nomination by the shareholders of the Company and the shareholders are requested to avail this facility.

By Order of the Board

R.Soundararajan
Company Secretary

13th August 2014

Registered Office:
Plot No.111, Road No.10
Jubilee Hills
Hyderabad – 500 033, Telangana.



Annexure-1 to the Notice of the 33rd Annual General Meeting

Statement pursuant to Section 102 (1) of the Companies Act 2013

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.4 to 7 of the accompanying Notice dated 13th August 2014.

On Item No.4

Shri John-Eric Fernand Pascal Cesar Bertrand was appointed as a Director by the Board of Directors in the casual vacancy caused in the Board by the resignation of Shri Werner C.R.Poot. In accordance with Section 161(4) of the Companies Act, 2013, he will be holding the office up to the date of the forthcoming AGM. A notice under Section 160(1) of the Act has been received from a Member signifying his intention to propose Shri John-Eric Fernand Pascal Cesar Bertrand's appointment as a Director liable to retire by rotation. A brief profile of Shri John-Eric Fernand Pascal Cesar Bertrand is given in the annexure forming part of this notice and your Directors are of the view that his appointment as a Director will be beneficial to the deliberations of the Board and to the Company.

Shri John-Eric Fernand Pascal Cesar Bertrand is a director of AVH Resources India Private Limited, which currently holds 3225211 (18.54 %) equity shares in the Company and to this extent he may be deemed to be interested in the resolution. Other than him, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution at Item Nos.4 of the accompanying Notice.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Shri John-Eric Fernand Pascal Cesar Bertrand, is, in any way, concerned or interested in the Resolution concerning his appointment proposed at Item No.4.

On Item No.5 & 6

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, named Shri O.Swaminatha Reddy and Shri K.Thanu Pillai as Independent Directors, in compliance with the requirements of the said Clause. Pursuant to the provisions of Section 149 of the Act, which came into effect from 1st April 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors. Further, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company and is not liable to retire by rotation. The matter regarding appointment of the above Directors as Independent Directors was placed before the Board, which recommended their appointment as Independent Directors for a period of five years with effect from 24th September 2014.

The above named Directors have given declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act and Clause 49 of the Listing Agreement with the Stock Exchanges. In the opinion of the Board, they fulfill the conditions for their appointment as independent directors as specified in the Act and the Listing Agreement and the proposed directors are independent of the Management.

Keeping in view their expertise and knowledge, it will be in the interest of the Company that these directors are appointed as Independent Directors.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Shri O.Swaminatha Reddy and Shri K.Thanu Pillai, is, in any way, concerned or interested in the Resolutions concerning their appointment proposed at Item Nos.5 and 6.

A Statement containing brief profile of the Directors to be appointed is given in the annexure, which may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

On Item No.7

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors on a remuneration as detailed in the resolution.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the company.



Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed at Item No.7.

The Board commends the Resolutions for approval by the members.

By Order of the Board

13th August 2014

R.Soundararajan
Company Secretary

Registered Office:

Plot No.111, Road No.10
Jubilee Hills
Hyderabad – 500 033, Telangana.



Annexure 2 to the Notice of the 33rd 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 John-Eric Fernand Pascal Cesar Bertrand	Shri O.Swaminatha Reddy	Shri K.Thanu Pillai
Date of birth	10.06.1964	16.11.1977	25.12.1930	14.05.1935
Experience in specific functional areas	Marketing and Project Management	Investment Manager	Financial & Management Consultant Former CMD Andhra Bank and APSFC	Banking and Finance
Qualification	M.B.B.S.	Commercial Engineer, University of Louvain (UCL) Master in International Management Community of European Management Schools(CEMS) Master in Business Administration (MBA), NSEAD	B.Com (Hons.), A.C.A.	B.Com., MBA, CAIIB
Directorships in other Companies	Sagar Power Ltd., Sagar Priya Housing and Industrial Enterprises Ltd., Panchavati Polyfibres Ltd., Super Hydro Electric Pvt.Ltd., SPL Renewable Energy Pvt.Ltd., Vicat Sagar Cement Pvt. Ltd.	AvH Resources India Pvt.Ltd. Egemin NV Egemin International NV Bracht, Deckers & Mackelbert NV (BDM) Assurances Continentales (Asco) NV Holding Groupe Duval, SAS Oriental Quarries and Mines Pvt. Ltd. Group Thiran SA Algemene Aannemingen Van Laere NV Oriental Quarries and Mines Pvt. Ltd. Aannemingsmaatschappij CFE NV	T.C.I.Finance Ltd., Sagar Power Ltd., T.C.I.Developers Ltd., K.C.P.Ltd., Transport Corporation of India Ltd., Surana Ventures Ltd., Bhagyanagar India Ltd., Thembu Power Pvt.Ltd., K.M.Power Pvt.Ltd., E.P.R.Gene Technologies Pvt.,Ltd., E.P.R.Pharmaceuticals Pvt.Ltd., E.P.R.Centre For Cancer Research and Biometrics Pvt.Ltd.,	Aishu Castings Ltd., Amar Biotech Ltd., BSCPL Infra Projects Ltd., Bollineni Developers Limited Krishna Institute of Medical Sciences Simhapuri Expressways Ltd., Sathavahana Ispath Limited DNN Realtors Pvt.Ltd. RAA Advisory Services Pvt.Ltd. Venkateswara Financiers Hyderabad Pvt.Ltd. Aishu Dreamlands Ltd.
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Audit Committee: Sagar Power Ltd.	Nil	Audit Committee: Transport Corporation of India Ltd., K.C.P.Ltd., Bhagyanagar India Ltd., Surana Ventures Ltd., TCI Developers Ltd.	
No. of shares held in Sagar Cements Ltd.	1144913	Nil	Nil	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	None	None	None

By Order of the Board

R.Soundararajan
Company Secretary

13th August 2014

Registered Office:
Plot No.111, Road No.10
Jubilee Hills
Hyderabad – 500 033, Telangana.



DIRECTORS' REPORT

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present their Thirty Third Report together with the audited financial statements of the Company for the year ended 31st March, 2014.

Financial Results

Rs. in Lakhs

Particulars	As on	
	31-03-2014	31-03-2013
Revenue from Operations (Net)	48893.83	55851.55
Other Income	1781.62	2602.95
Total Revenue	50675.45	58454.50
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	1912.94	6822.15
Finance costs	2954.74	3055.38
Depreciation	2693.40	2674.39
Profit before Tax	-3735.20	1092.38
Total of tax expenses	1177.09	214.40
Profit after Tax	- 2558.11	877.98
Add : Profit brought forward from the previous year	10769.40	10094.85
Profit available for appropriation	8211.29	10972.83
Appropriations:		
General Reserves	0.00	0.00
Proposed Dividend on Equity Shares	0.00	173.88
Tax on Dividend proposed	0.00	29.55
Total Appropriations	0.00	203.43
Balance carried to Balance Sheet	8211.29	10769.40
Earnings Per Share (Basic and Diluted) (Rs.)	- 14.71	5.05

Dividend

In view of the absence of profit, your directors have not recommended any dividend for the year 2013-14.

Transfer to reserves

No transfer to reserves is proposed and accordingly the entire balance available in the Profit and Loss Account is proposed to be carried to Balance Sheet.

Company's performance

Cement industry remained challenging during the year 2013-14 with pricing pressures, weak demand and higher input costs. The undivided Andhra Pradesh, a major market for your product, could not see any revival in the construction activities due to economic slowdown caused by uncertainties that had prevailed both in politics and in bureaucracy on the eve of bifurcation of the state and the general election.

The performance of your company in terms of production and sale of cement and average net sales realization per ton are given below:

Particulars	2013-14	2012-13
Cement Production in MTs	1419943	1587419
Cement Sales in MTs	1419857	1585003
Average Net Sales Realisation per MT (Rs.)	2608	2773
Total Revenue - Rs. In lakhs	50675	58454



Future outlook

It is fervently hoped that the division of Andhra Pradesh, into Telangana and Andhra Pradesh, where new governments have since assumed office would end the uncertainties and usher in era of all-round development. This augurs well particularly for the cement industry, as these Governments, in order to woo investors, are likely to announce fresh incentives on new investments and expansions and also take up more infra projects, housing and urban development. In fact, setting up of a new capital for Andhra Pradesh alone may require infrastructure to tune of anywhere around Rs 1 lakh crore. However, till such time, your company may have to face the problems like rising input costs, higher freight and distribution costs and low price realizations due to weak demand. Your company therefore attaches greater importance to keep its energy cost to the minimum by ensuring an optimum combination in the consumption of imported and indigenous coal. As a long term measure, your company proposes to set up a waste heat recovery plant to ease the pressure on energy cost. Further, as you are aware, a railway siding project is under implementation near your plant at Mattampally and it is hoped that, barring unforeseen circumstances, the same would be completed in the current year and this project would see the optimization of the transportation cost and reduced dependence on road transport apart from enabling your company to reach newer markets. Taking an overall view of the above, your Board, is cautiously optimistic about the future outlook for your company.

Joint Venture Company

As the shareholders are now aware, your Board has decided to exit from the joint venture with Vicat Group and accordingly proposes to sell the entire investment of 6,52,36,399 equity shares of Rs.10/- held by your company in the joint venture company, Vicat Sagar Cement Private Limited for a consideration of Rs.435 crores. Your company had invested a sum of Rs.86 crores in the joint venture. Necessary approval for the said decision of the Board is being sought from the shareholders through postal ballot in accordance with Section 180(1)(a) of the Companies Act, 2013. The result of this postal ballot is likely to be announced on 20th August 2014. Your board hopes that the decision to exit from the joint venture would enable your company to look for new opportunities in the industry.

Corporate Governance Report and Management Discussion and Analysis Report

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report for the period ended 31st March, 2014 with the auditors' certificate thereon and the Management Discussion and Analysis Report are attached to form part of this report.

Internal Control Systems

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

Insurance

All the properties of the Company have been adequately insured.

Particulars of Employees

There were no employees as on 31.03.2014 whose details are required to be furnished pursuant to Section 217 (2A) of the previous Companies Act, 1956.

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 Section 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

Shri Gilbert Noel Claude Natta resigned from the Board with effect from 17.12.2013. Your Directors wish to place on record their deep sense of appreciation of the invaluable contribution made by him during his tenure as a Board member.



Dr.S.Anand Reddy, would be retiring by rotation at the ensuing Annual General Meeting and seeking re-appointment. As of the date of this report, Shri O.Swaminatha Reddy and Shri K.Thanu Pillai are independent directors as per Clause 49 of the Listing Agreement and were appointed under the Companies Act, 1956 as directors liable to retire by rotation. In order to give effect to the applicable provisions of Section 149 and 152 of the Companies Act, 2013, it is proposed that these Directors be appointed as Independent Directors, to hold office for five consecutive years. Shri John-Eric Fernand Pascal Cesar Bertrand, who was appointed in the casual vacancy caused by the resignation of Shri Werner C.R.Poot would be holding the office upto the ensuing Annual General Meeting, whereat it is proposed to appoint him as a director liable to retire by rotation.

Sub Committees of the Board

The Board has Audit Committee, Nomination and Remuneration Committee, Investment Committee and Investors' Grievance Committee, the composition and other 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 hold their office up to the ensuing Annual General Meeting and are eligible for re-appointment. In accordance with the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint them as the Auditors of the Company for a period of three consecutive years commencing from the conclusion of this Annual General Meeting, until the conclusion of the 36th Annual General Meeting in the calendar year 2017.

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 judgement 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 loss 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 Act 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 had 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.

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
13th August 2014

O. Swaminatha Reddy
Chairman



ANNEXURE – 1

Management Discussion and Analysis

Industry review

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. Though India is the second largest producer of cement, its per capita consumption of cement, which is an important indicator of a country's economic development, is very much low. This is due to low infrastructure intensity coupled with high level of housing deficit. Though, housing sector accounts for more than 60 % of cement demand in the country, the residential demand is yet to realize its full potential. A significant percent of urban as well as rural population has no access to cement houses. However, this offers vast scope for the cement industry to grow.

This industry 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.

The industry has made great progress in technological up-gradation and assimilation of latest technology. Presently, more than 95 per cent of the total capacity in the industry is based on modern and environment-friendly dry process technology.

Telangana State and Andhra Pradesh have together 37 large cement plants with a combined capacity of 68 MTPA, constituting the maximum number of cement plants in India.

Being a huge country, there is a difference in the region wise demand for cement in India, 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. As the cement is a low value and high volume product, it does not offer much scope for export either.

During the last few years, most cement companies expanded their capacities hoping for increased consumption of cement on account of anticipated hike in government spending, which however did not materialize to the extent hoped for and because of the continuing depressed housing / real estate market, the construction spending levels remained low in 2013-14 too.

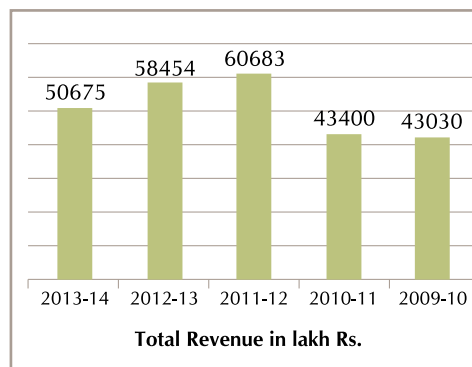
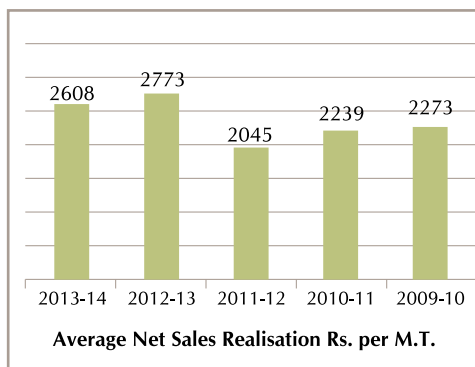
Despite higher cement prices realized now and then, the margins continue to be under pressure particularly over the last couple of years due to steep hike in cost of all major inputs like raw material, fuel, power and freight, which together account for around 70 per cent of the cost of production.

The slowdown in the economy continued in 2013-14 as well, 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, putting pressure on the price.

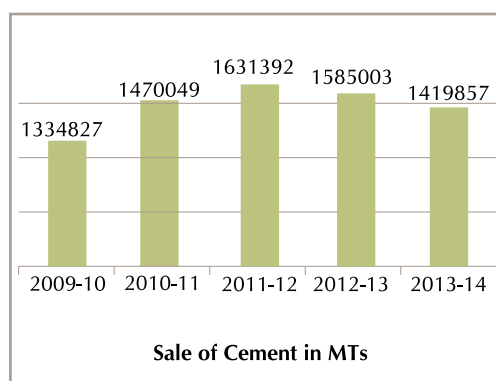
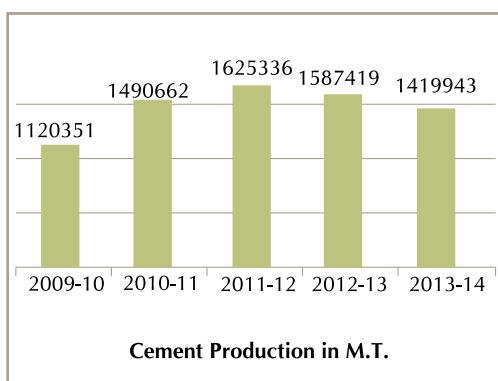
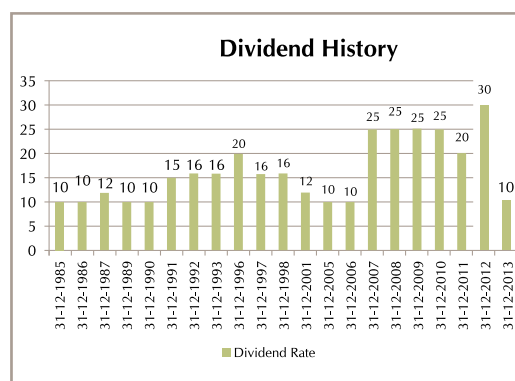
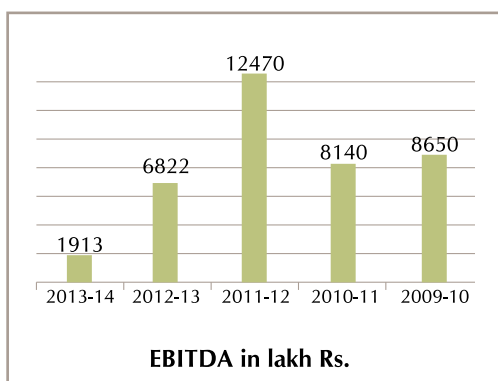
Sagar Cements – Overall performance

Performance of Sagar Cement during the year 2013-14 has to be evaluated against the backdrops of the current mismatch between cement demand and its supply in Andhra and Telangana regions, which are the major markets for the Company. The increasing cost of coal and other input materials is pushing up the cost of production of cement, squeezing the earnings of the company. The lower demand for cement in these regions and their neighbouring States, has put severe pressure on the price. Due to these reasons, there was a marginal dip in production, sales as well as in net sales realization per ton of cement.

During the year the company earned a total revenue of Rs.50675 lakhs, lower by 13.31 % than that of the previous year. The Loss for the year stood at Rs.3735.20 lakhs as against profit before tax of Rs.1092.38 lakhs in the previous year. The Company has incurred a loss of Rs.2558.11 lakhs from continuing operations as against a profit of Rs.877.98 lakhs earned in the previous year



Constrained by the absence of earnings during the year 2013-14, the Board has not recommended any dividend for the year. This would, however, help the company in maintaining the available cash flow to partly meet capital expenditures like provision for a railway siding at the company plant, setting up of a waste heat recovery plant and for installation of a few balancing equipments.





Financial Review

During the year the company sold 1419857 MT's of cement with an average gross realization of Rs.4442/MT, whereas in the previous year, the company had sold 1585003 MT's at an average gross realization of Rs.4550/MT.

The net revenue from operations during the year under discussion is Rs.48893.83 lakhs as compared to Rs.55851.55 lakhs during the previous year.

Other income included an amount of Rs.1500 lakhs on account of Incentives from A.P. Government as per the Industrial Policy 2005-10 and Rs.108 lakhs towards gain on sale of land at Mattampally (Compulsory Acquisition of Land). The balance retained in the Statement of Profit and Loss as on 31st March 2014 is Rs.8211.29 lakhs.

Investments in the Joint Venture

The Company proposes to exit from the joint venture with Vicat Group and accordingly proposes to sell its entire investment of 6,52,36,399 equity shares of Rs10/- held in the joint venture company, Vicat Sagar Cement Cement Private Limited for a consideration of Rs.435 crores. Your company had invested a sum of Rs.86 crores in this joint venture. Necessary approval for the said proposal is being sought from the shareholders through postal ballot in accordance with Section 180(1)(a) of the Companies Act, 2013. The result of this postal ballot is likely to be announced on 20th August 2014. Your board hopes that the decision to exit from the joint venture would enable your company to look for new opportunities in the industry.

Opportunities and threats:

Constrains 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 the State and the company is forced to procure power at a higher costs from the open market through power exchange.

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

Stagnant demand

There is a continued 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 any significant extent. The negative sentiment seen in the economy in the year 2013-14 had 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, greater expenditure on advertising, strengthening its distribution networks as well as by customer-focused initiatives. Apart from these, Sagar Cements is looking for opportunities to expand its own manufacturing facilities geographically.

Outlook

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.

On the macro level, the per capita consumption of cement being very low in India, there is a 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 recently witnessed in the industry.



It is also fervently hoped that the division of Andhra Pradesh, into Telangana and Andhra Pradesh, where new governments have since assumed office would end the uncertainties and usher in era of all-round development, This augurs well particularly for the cement industry, as these Governments, in order to woo investors, are expected to announce fresh incentives on new investments and expansions and also take up more infra projects, housing and urban development. In fact, setting up of a new capital for Andhra Pradesh alone may require a huge investment in infrastructure.

However, in the short term, your company may have to face the problems like rising input costs, higher freight and distribution costs and low price realizations due to weak demand. Your company therefore attaches greater importance to keep its energy cost to the minimum by ensuring an optimum combination in the consumption of imported and indigenous coal. As a long term measure, your company proposes to set up a waste heat recovery plant to ease the pressure on energy cost. Further, as you are aware, a railway siding project is under implementation near your plant at Mattampally and it is hoped that, barring unforeseen circumstances, the same would be completed in the current year and this project would see the optimization of the transportation cost and reduced dependence on road transport apart from enabling your company to reach newer markets.

On the brighter side, 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. Sagar Cements will be focusing on penetration into more districts of Telangana and A.P., to increase its market share in the said States and continue to explore its other markets and with this strategy, Sagar Cements is confident of achieving a higher capacity utilization and better realization and your Board, is therefore, cautiously optimistic about the future outlook for your company.

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 Telangana and Andhra regions, 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 425 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

(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		01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
A. Power & Fuel Consumption			
1. Electricity			
Purchased Units		1223.55 lakhs	1498.58 lakhs
Total Amount		8774.47 lakhs	7755.11 lakhs
Rate / Unit (Rs.)		7.17	5.17
Own Generation (Units)		0.44 lakhs	0.50 lakhs
Unit / Ltr. Of Diesel Oil		0.19 units	0.55 units
Rate / Unit (Rs.)		60.48	44.67
2. Coal (C & D Grade used as fuel in Kiln)			
Quantity		230173 MT	285552 MT
Total Cost (Rs.)		11054 lakhs	13299 lakhs
Average Rate (Rs.)		4802.29	4657.30
B. Consumption per unit of production			
Particulars	Standard	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Products – OPC, PPC & SRC	-	1419943	1587419
Electricity (in KWH)	140	92.59	95.73
Coal (MT) (For Clinker)	0.28	0.184	0.210

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:

Company is implementing Railway siding, Pre-Grinder and Secondary Crusher. Railway siding and Pre-Grinder shall be completed by end of December 2014 and Secondary crusher by end October 2014. With the implementation of these projects, the company shall be operated at optimum production levels and reduced power consumption.

Railway siding shall improve the cement dispatches at a better realization.

Foreign Exchange Earnings and Outgo:

Earnings : Nil

Outgo : Rs.220.44 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 relationship 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 currently applicable 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.

During the year, Shri Gilbert Noel Clause Natta resigned from the Board due to his other pre-occupations.

Following was the composition of the Board as on 31st March 2014:

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 (Promoter Group)	Executive
3	Dr.S.Anand Reddy, Joint Managing Director (Promoter Group)	Executive
4	Shri S.Sreekanth Reddy, Executive Director (Promoter Group)	Executive
5	Shri K.Thanu Pillai	Independent & Non-Executive
6	Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive
7	Shri G.Suneel Babu, (IDBI Nominee)	Independent & Non-Executive
8	Shri K.Rajendra Prasad, (APIDC Nominee)	Non-Executive

Meetings held:

Five Board Meeting were held during the financial year 2013-14 and the gap between any two consecutive Board Meetings was not more than four months. These Meetings were held on the following dates: 22.05.2013, 24.07.2013, 25.09.2013, 17.10.2013 and 22.01.2014.

Board Procedure:

Board Meetings are convened taking into consideration the business requirements, statutory and regulatory compliances. The Agenda, backed by adequate 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. Members of the senior management team are invited to attend the Board Meetings as and when required, which provides additional inputs to the items being discussed by the Board.

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 2013-14 and at the last Annual General Meeting as also the number of their directorships and Committee Memberships as on 31st March 2014 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 Share-holders 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	3	No		5	1	
3	Dr.S.Anand Reddy	5	Yes		4		2
4	Shri S.Sreekanth Reddy	5	Yes	1	3		
5	Shri K.Thanu Pillai	5	Yes		8		1
6	Shri John-Eric Fernand Pascal Cesar Bertrand	4	Yes		1		
7	Shri G.Suneel Babu	2	No		1		1
8	Shri K.Rajendra Prasad	4	Yes		8	1	1
9	Sri Gilbert Noel Claude Natta (Up to 17.12.13)	4	Yes		1		

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 2014, 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, 2014:

Name	Status in the Committee
Shri O.Swaminatha Reddy	Chairman
Shri K.Thanu Pillai	Member
Shri G.Suneel Babu	Member
Shri K.Rajendra Prasad	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 K.Rajendra Prasad, 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. Apart from this, the Committee reviews reports of the internal and statutory auditors and discusses their suggestions, internal control systems, scope of audit and observance of the auditors.

Meetings held:

The Audit Committee, which met four times during 2013-14, held its meetings on 22.05.2013, 24.07.2013, 17.10.2013 and 22.01.2014 in the said period.



The statutory and internal auditors are invited to attend all the meetings of the Committee. The Cost Auditors appointed by the Company under Section 233B of the Companies Act, 1956 attended the Audit Committee meetings, where cost audit reports were discussed

Attendance at the meetings of the Audit Committee:

Name of the Director	No. of meetings attended
Shri O.Swaminatha Reddy	4
Shri K. Thanu Pillai	4
Shri G.Suneel Babu	2
Shri K.Rajendra Prasad	3

4. Remuneration Committee:

Pursuant to Schedule XIII to the Companies Act, 1956 read with Clause 49 of the Listing Agreement, the Board had 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 K.Rajendra Prasad	Member

During the financial year 2013-14, the Committee met on 24.7.2013 to recommend payment of remuneration to the Whole-time Directors.

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.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 2013-14 are given below:

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1	Shri O.Swaminatha Reddy	180000
2	Shri K.Thanu Pillai	180000
3	Shri K.Rajendra Prasad (APIDC Nominee)	144000
4	Sri Gilbert Noel Claude Natta (Up to 17.12.2013)	64000
5	Shri G.Suneel Babu (IDBI Nominee)	72000
6	Shri John-Eric Fernand Pascal Cesar Bertrand	64000
Total		704000

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 which is subject to further approval of the shareholders.



Details of remuneration paid to the Executive Directors for the financial year 2013-14:

Pursuant to the approval accorded by the shareholders, the whole time directors were entitled to the following remuneration for the year, subject to there being adequate profit available.

Description	Shri S.Veera Reddy	Dr.S.Anand Reddy *	Shri S.Sreekanth Reddy
Salary (Rs.)	72,00,000	48,00,000	36,00,000
Perks (Rs.) – (up to 75% of the salary)	54,00,000	36,00,000	27,00,000
Total	1,26,00,000	84,00,000	63,00,000

In addition to the above, the whole time directors were entitled to contribution to P.F., Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

In accordance with the approval given by the shareholders, the company has applied to the Central Government for approval for payment of the above remuneration notwithstanding the inadequacy of profit during the year and the approval of the same is awaited. Pending the receipt of the said approval, the remuneration paid to these whole-time directors were restricted to the minimum remuneration payable in accordance with Schedule XIII to the previous Companies Act, 1956, as detailed below.

Name of the Director	Category	Salary & Perquisites
Shri S.Veera Reddy	Managing Director	24,00,000
Dr.S.Anand Reddy	Whole-time Director	48,00,000
Shri S.Sreekanth Reddy	Whole-time Director	41,53,964
Total		1,13,53,964

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 31.3.2014:

Shri K.Rajendra Prasad	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 29 complaints from the investors during the year 2013-14 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, 2014. 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 2013-14.

6. Investment Committee:

With a view to evaluating investment opportunities available to the Company from time to time and major capital expenditure proposals, the Board has constituted an Investment Committee with the following directors as its members:

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

Meetings held:

No Investment Committee meeting was held during 2013-14.

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
32nd AGM	25th September, 2013	4.00 p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
31st AGM	20th September, 2012	4.00 p.m.	
30th AGM	22nd September, 2011	3.30 p.m.	



Details of Special Resolutions passed in the above said Annual General Meetings are given below:

At the 32nd AGM held on 25th September, 2013, three Special Resolutions for payment of remuneration to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director and two Special Resolutions for re-appointment of Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director, were passed.

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 31st 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 Annual General Meeting. None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires passing of resolution through Postal Ballot.

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 2.31 of the Notes to Financial Statements of the Annual Accounts for the year ended 31st March 2014. 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 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 as currently in force.
- (b) Regarding non-mandatory requirements, the Company has constituted a Remuneration Committee pursuant to Clause 49 of the Listing Agreement to recommend a suitable remuneration payable to the Board members.
- (c) The audited financial statements of the Company are unqualified.
- (d) The Company does not have a 'Whistle Blower Policy' as such. However no person had been denied access to the Audit Committee. The company proposes to have such a policy soon.
- (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 aggregate of the total number of shares in physical form and the total number of dematerialized shares held in demat form 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 2013-14 were published are given below:

Quarter ended	Date of Publication	Name of the news papers carrying the publication
30th June, 2013	25.07.2013	Financial Express and Andhra Prabha
30th September, 2013	19.10.2013	"
31st December, 2013	23.01.2014	"
31st March, 2014	14.05.2014	"

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 2013-14. 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 Wednesday, the 24th September, 2014
Venue : Hotel Golkonda, Masab Tank, Hyderabad - 500 028.

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

c. Book Closure Dates : From 17-09-2014 to 24-09-2014 (both days inclusive)

d. Dividend payment date :

The Board has not recommended any dividend for the year 2013-14.

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

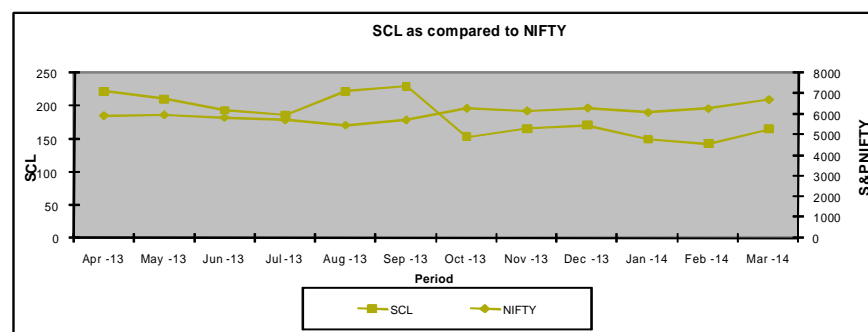
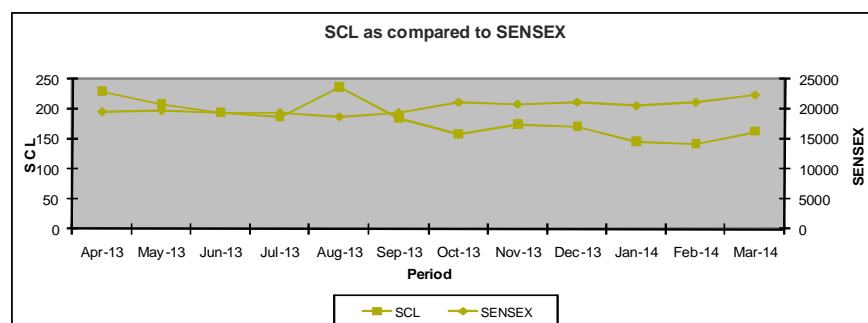
Dividend, other than interim dividend is declared at the Annual General Meeting of the shareholders, based on the recommendation of the Board of Directors. Such recommendation is made by the Board, taking into account inter-alia, company's performance during the year under review, future expansion plans,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

h. Market price details:

High and Low prices for the Company's shares during the Financial Year as traded on the Bombay Stock Exchange Limited and National Stock Exchange of India are given below:

Month	NSE			BSE		
	Low	High	Closing	Low	High	Closing
Apr-13	221.00	235.10	222.60	210.00	243.85	230.00
May-13	190.00	224.45	210.70	176.00	229.85	208.55
Jun-13	184.70	210.55	194.00	180.00	215.00	194.00
Jul-13	170.75	202.65	186.10	165.00	204.95	187.10
Aug-13	160.00	240.00	222.60	155.05	254.30	237.10
Sep-13	230.00	238.00	230.00	165.00	240.00	185.00
Oct-13	153.00	217.55	153.35	154.00	190.00	158.00
Nov-13	152.25	175.00	165.80	149.05	187.00	174.00
Dec-13	165.55	179.00	171.00	165.10	185.00	170.25
Jan-14	144.85	173.15	150.00	145.00	174.00	145.70
Feb-14	134.10	153.20	143.25	131.25	159.70	142.00
Mar-14	137.10	176.85	165.00	140.50	180.60	162.55

Sagar Cements Shares' Price movements during the year 2013-14 as compared with SENSEX and NIFTY are depicted below:





i. 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
Website: karvycomputershare.com

j. Share Transfer System:

More than 90% of the equity shares of the Company are held in electronic form. Transfer of these shares is effected through the depositories with no involvement of the Company.

As regards transfer of shares held in physical form, the transfer documents can be lodged either with the Company at its Registered Office or with the Company's Registrars and Share Transfer Agents.

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, who note these transfers at subsequent board meetings.

k. Shareholdings particulars as on 31st March 2014

(i) Distribution of shareholdings:

Shareholding pattern as on 31st March 2014

Category	Shares	%	Holders	%
50 and less	40724	0.23	1568	20.16
51 to 100	457140	2.63	4632	59.55
101 to 200	126544	0.73	682	8.77
201 to 300	60355	0.35	213	2.74
301 to 500	133256	0.77	293	3.77
501 to 1000	163587	0.94	199	2.56
1001 to 5000	309279	1.78	146	1.88
5001 to 10000	143075	0.82	19	0.24
10001 to 20000	82571	0.47	6	0.08
20001 to 50000	151578	0.87	5	0.06
50001 to 100000	51427	0.30	1	0.01
More than 100000	15668478	90.11	14	0.18
Total	17388014	100.00	7778	100.00



(ii) Shareholding pattern:

Category	Holders	Shares	In Demat	%
Promoter Group - Individuals	9	8690514	8690514	49.98
Promoter Group - Corporates	2	344785	344785	1.98
Mutual Funds	7	1302183	1300583	7.49
FIs and Banks	5	4050	100	0.02
Foreign Corporate Body	1	1000000	-	5.75
Domestic Bodies Corporate	141	4512193	4506117	25.95
Public - Individuals holding more than 10000 shares	7	166693	166693	0.96
Public - Individuals holding 10000 and less shares	7488	1319208	798521	7.59
Public - NRIs	36	18538	14766	0.11
HUFs	63	27272	27272	0.16
Clearing Members	19	2578	2578	0.01
Total	7778	17388014	15851929	100.00

l. 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 90% of the share capital were kept in dematerialized form as on 31st March, 2014 as detailed below:

In physical form		In Demat Form				Total	
		With NSDL		With CDSL			
Shares	%	Shares	%	Shares	%	Shares	%
1536085	8.84	15455267	88.88	396662	2.28	17388014	100

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

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

n. Plants Location:

1. Mattampally
Via: Huzurnagar
Nalgonda District
Telangana – 508204
2. Pedaveedu Village
Via: Huzurnagar
Nalgonda District
Telangana – 508204

q. 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, 2014.

Hyderabad
13th May 2014

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, 2014, 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
Firm's Registration No.0040555

Hyderabad
13th May 2014

K.Ranganathan
Partner
M.No. 010842



Independent Auditors' Report

The Members of
Sagar Cements Limited,
Hyderabad.

Report on the Financial statements

We have audited the accompanying financial statements of Sagar Cements Limited ('the company'), which comprise the Balance Sheet as at March 31, 2014, 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 Company's 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 notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2014;
- b. In the case of the Statement of Profit and Loss, of the Loss 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

1. 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 give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the Directors, as on 31st March, 2014 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

For P. SRINIVASAN & Co.,
Chartered Accountants
Firm's Registration No.004055S

Hyderabad
May 13, 2014

K. RANGANATHAN
Partner
Membership No. 010842



Annexure to the Independent Auditors' Report

Referred to in Paragraph under the heading of "Report" on other Legal and Regulatory Requirements" of our report of even date.

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 any loans, secured or unsecured to 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, 2014 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
		1,44,25,000	18,03,000	2007-08	Disallowance of input tax credit on steel purchased	Filed an Appeal before Appellate Deputy Commissioner
		75,68,000	9,46,000	2008-09	Disallowance of input tax credit on steel purchased	Filed an appeal before Appellate Deputy Commissioner
3	Income Tax Authorities	74,98,000	-	2006-2007	Disallowances of certain expenditure	Contested before the Commissioner
		75,29,000	-	2008-09, 2009-10 and 2010-11	Disallowance of certain expenditure U/s.14A	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 goods	Filed an Appeal with CESTAT, Bangalore
		6,50,80,000	-	-	Denying the benefit of Cenvat credit on capital goods	Filed an Appeal with CESTAT, Bangalore
		59,41,000			Cement has been cleared to the contractors at a rate lesser than the market rate	Filed before Commissioner of Central Excise, Hyderabad III Commissionerate
		1,46,30,000		July 2008 to February 2011	Denying Cenvat credit against Service Tax paid on freight charged incurred for transportation of cement	Filed an appeal with CESTAT, Bangalore
		7,67,000	3,84,000	December 2006 to March 2010	Denying Cenvat credit on Input services such as Advertisement, audit and Telephone, Telex services used in relation to trading activity	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.
6	Customs Authorities	67,92,000	-	-	Imported Coal was wrongly classified under steam coal instead of bituminous coal	Filed an Appeal before CESTAT, Bangalore



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
Firm's Registration No.004055S

Hyderabad
May 13, 2014

K. RANGANATHAN
Partner
Membership No. 010842



SAGAR CEMENTS LIMITED

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

Balance Sheet as at 31st March 2014

Particulars	Notes	31 March 2014	31 March 2013
EQUITY AND LIABILITIES			
Share holders' Funds			
Share Capital	2.1	1738.80	1738.80
Reserves and Surplus	2.2	22347.74	24905.85
Sub-Total : Shareholders' Funds		24086.54	26644.65
Non-Current Liabilities			
Long Term Borrowings	2.3	11135.42	10264.92
Deferred Tax Liabilities	2.4	3224.18	4458.34
Other Long Term Liabilities	2.5	5998.97	4593.54
Long Term Provisions	2.6	1861.82	606.93
Sub-Total : Non - Current Liabilities		22220.39	19923.73
Current Liabilities			
Short Term borrowings	2.7	6644.22	6858.99
Trade Payables	2.8	3546.23	5360.94
Other Current Liabilities	2.9	10059.79	9959.42
Short Term Provisions	2.10	177.34	526.79
Sub-Total : Current Liabilities		20427.58	22706.14
TOTAL EQUITY AND LIABILITIES		66734.51	69274.52
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets - Gross		53459.91	51349.09
Accumulated Depreciation		19948.86	17291.86
Tangible Assets	2.11	33511.05	34057.23
Capital Work - in- Progress		4007.28	2154.11
Non - Current Investments	2.12	8602.65	8602.65
Long Term Loans & Advances	2.13	4598.67	2776.38
Sub-Total : Non - Current Assets		50719.65	47590.37
Current Assets			
Inventories	2.14	4177.54	6522.09
Trade Receivables	2.15	4848.41	5329.55
Cash and Cash Equivalents	2.16	457.03	2460.08
Short Term Loans and Advances	2.17	2628.95	3610.49
Other Current Assets	2.18	3902.93	3761.94
Sub-Total : Current Assets		16014.86	21684.15
TOTAL ASSETS		66734.51	69274.52

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 (F.R.No.0040555)

K.Ranganathan
Partner
M.No. 010842
Hyderabad
13th May 2014

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

For and on behalf of the Board

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Asst.Vice President (Finance)

R.Soundararajan
Company Secretary



SAGAR CEMENTS LIMITED

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

Statement of Profit and Loss for the year ended 31 March 2014

Particulars	Notes	31 March 2014	31 March 2013
REVENUE			
Revenue from Operations (Gross)	2.19	56109.56	63904.03
Less : Excise Duty		7215.73	8052.48
Revenue from Operations (Net)		48893.83	55851.55
Other Income	2.20	1781.62	2602.95
Total Revenue		50675.45	58454.50
EXPENSES			
Cost of Materials Consumed	2.21	5228.12	5385.68
Change in Inventories of Finished Goods and Work-in-Progress	2.22	127.27	575.19
Manufacturing Expenses	2.23	25272.58	26570.29
Employee Benefit Expenses	2.24	2531.27	2303.40
Other Expenses	2.25	15603.27	16797.79
Finance Costs	2.26	2954.74	3055.38
Depreciation	2.11	2693.40	2674.39
Total Expenses		54410.65	57362.12
Profit /(Loss) before Tax		-3735.20	1092.38
Tax Expense:			
Current Tax		0.00	284.09
Tax related to earlier Years		57.07	(67.47)
Deferred Tax Charge/(Credit)		(1234.16)	(2.22)
Total of Tax Expenses		1177.09	214.40
Profit for the period from continuing operations		-2558.11	877.98
Profit for the period		-2558.11	877.98
Basic Earnings per share of Rs.10/- each	2.27	Rs.-14.71	Rs.5.05
Diluted Earnings per share of Rs.10/- each	2.27	Rs.-14.71	Rs.5.05
The accompanying notes are an integral part of the Financial Statements			

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants (F.R.No.0040555)

K.Ranganathan
Partner
M.No. 010842

Hyderabad
13th May 2014

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

For and on behalf of the Board

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Asst.Vice President (Finance)

R.Soundararajan
Company Secretary



SAGAR CEMENTS LIMITED

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

Cash Flow Statement for the year ended 31.03.2014

Particulars	31.03.2014	31.03.2013
A Cash flow from Operating Activities		
Profit before Tax	3735.20	1092.38
Adjustments for		
Depreciation	2693.40	2674.39
Interest and Finance charges	2954.74	3055.38
Dividends received	-0.52	-0.52
Profit on Sale of Assets	-116.03	-426.01
Loss on Sale of Assets	3.36	5303.33
Cash Generated from Operations	1799.75	6395.71
Less: Expenses		
Interest and Finance charges	2965.84	3102.47
Income Tax paid	64.97	439.59
Operating Profit before Working Capital Changes	-1231.06	2853.66
Movement of Working Capital		
Increase/(Decrease) in Trade Payables	-1814.71	-1046.35
Increase/(Decrease) in Long Term Provisions	66.50	483.69
Increase/(Decrease) in Short Term Provisions	72.44	13.95
Increase/(Decrease) in Other Current Liabilities	2704.67	436.87
Increase/(Decrease) in Other Long Term Liabilities	1738.81	1746.67
Decrease/(Increase) in Trade Receivables	481.14	-484.73
Decrease/(Increase) in Inventories	2344.55	2046.84
Decrease/(Increase) in Short Term Borrowings	-214.77	-912.28
Decrease/(Increase) in Short Term Loans & Advances	741.44	-147.85
Decrease/(Increase) in other Current Assets	-140.99	-1552.65
Net Movement of Working Capital	5979.08	584.16
Net Cash Generated from Operations	4748.02	3437.82
B Cash Flow from Investing Activities		
Dividend Received	0.52	0.52
Purchase of Fixed Assets & Long Term Loans, Advances	-5836.29	-4334.64
Sale of Fixed Assets	126.29	479.43
Net Cash used in Investing Activities	-5709.48	-3854.69
C Cash flow from Financing Activities		
Receipt of Hire Purchase Loans	634.45	0.00
Receipt of Term Loan	2985.51	7500.00
Receipt/ (Payment) of Unsecured loan	855.00	557.90
Dividend paid	-173.88	-521.64
Repayment of Term Loans & Hire purchase Loans	-5342.67	-4931.31
Net Cash used in Financing Activities	-1041.59	2604.95
Net Increase in Cash and Cash Equivalent	-2003.05	2188.08
Cash and Cash equivalent at the beginning of the year	2460.08	272.00
Cash and Cash equivalent at the end of the year	457.03	2460.08

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants (F.R.No.0040555)

K.Ranganathan
Partner
M.No. 010842

Hyderabad
13th May 2014

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

For and on behalf of the Board

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Asst.Vice President (Finance)

R.Soundararajan

Sagar Cements - Annual Report 2013-2014



SAGAR CEMENTS LIMITED

All amounts in Rupees Lakhs, 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 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 and Exchange Board of India.

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. 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. Freehold land is not depreciated.

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

Superannuation

The company contributes to superannuation, which is a defined contribution plan as per the policy taken out for the purpose. 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 due to 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 to 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 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 Lakhs, except share data and unless otherwise stated

2. Notes to Financial Statements for the year ended 31 March 2014

2.1 SHARE CAPITAL

Particulars	31 March 2014	31 March 2013
Authorized		
20,000,000 (31 March 2013: 20,000,000) Equity Shares of Rs.10 each	2000.00	2000.00
2,000,000 (31 March 2013: 2,000,000) Preference shares of Rs.10 each	200.00	200.00
Total	2200.00	2200.00
Issued, Subscribed & Paid-up		
17,388,014 (31 March 2013: 17,338,014) Equity shares of Rs.10 each	1738.80	1738.80
Total	1738.80	1738.80



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

Equity shares	31 March 2014		31 March 2013	
	No. of shares	Rs. Lakhs	No. of shares	Rs. Lakhs
At the beginning of the period	17,338,014	1738.80	17,338,014	1738.80
No. of shares issued during the year	0	0	0	0
Outstanding at the end of the period	17,388,014	1738.80	17,388,014	1738.80

1. 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.
2. For the year ended 31 March 2014, the amount of per share dividend recognized as distribution to equity shareholders is Rs.Nil (31 March 2013: Rs.1 per share).
3. 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 2014		31 March 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
S.Veera Reddy	1643795	9.45	1643795	9.45
S.Aruna	1369545	7.88	1369545	7.88
S.Rachana	1162535	6.69	1153230	6.63
S.Anand Reddy	1144913	6.58	1142312	6.57
S.Sreekanth Reddy	1085757	6.24	1085757	6.24
S.Vanajatha	990769	5.70	990769	5.70
AVH Resources India Pvt. Ltd.	3225211	18.55	2727032	15.68
Twinvest Financial Services Ltd.	1142985	6.57	1142985	6.57
Parficim S.A.S.(A Subsidiary of Vicat S.A.)	1000000	5.75	1000000	5.75

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 2014	31 March 2013
Balance as per the last Financial Statement	34.99	34.99
Add: Additions created during the year	0.00	0.00
Less: Deductions during the year	0.00	0.00
Capital Reserve	34.99	34.99
Securities Premium Reserve	10503.06	10503.06
General Reserve		
Balance as per the last Financial Statement	3598.40	3598.40
Add: Amount transferred from surplus	0.00	0.00
Closing balance	3598.40	3598.40
Profit & Loss Account		
Balance as per the last Financial Statement	10769.40	10094.85
Add: Profit & Loss Account	-2558.11	877.98
Less: Proposed Dividend	0.00	173.88
Less: Tax on Proposed Dividend	0.00	29.55
Less: Transfer to general reserve	0.00	0.00
Total Appropriations	0.00	0.00
Closing balance	8211.29	10769.40
Total	22347.74	24905.85

2.3 LONG-TERM BORROWINGS

Particulars	31 March 2014	31 March 2013
Secured		
Term Loans from Financial Institutions - Indian Rupees		
Andhra Pradesh State Financial Corporation (Refer Note No.5)	81.84	181.94
Term Loans from Banks - Indian Rupees		
IDBI Bank Ltd (Refer Note No.1)	0.00	0.00
State Bank of India (Refer Note.No.2)	0.00	0.00
State Bank of Hyderabad (Refer Note No.3)	0.00	0.00
State Bank of Hyderabad (Refer Note No.4)	1175.00	2375.00
State Bank of Hyderabad (Refer Note No.6)	1485.51	0.00
L & T Finance Ltd. (Refer Note No.7)	650.94	1604.91
L & T Infrastructure Finance Co. Ltd. (Refer Note No.8)	4500.00	3000.00
State Bank of India (Refer Note 9)	2050.00	2325.00
Total	9943.29	9486.85
Other Loans & Advances (Unsecured)		
Sales Tax Deferment (Refer Note No.10)	497.71	500.61
Hire Purchase Loans (Secured)		
Vehicle Loans from Banks (Refer Note No.11)	694.42	277.46
Total	1192.13	778.07
Total of Secured & Unsecured	11135.42	10264.92

1. Term Loan of Rs.10000 lakh in Indian Rupees was taken from IDBI Bank during the year 2008-09 and is repayable in 60 monthly installments of Rs.167 lakh each per month. The loan was sanctioned with interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. As of 31.03.2014, total loan have been repaid.



2. Term Loan of Rs.4500 lakh in Indian Rupees was taken from State Bank of India during the year 2008-09 and is repayable in 60 monthly installments of Rs.75 lakh each per month. The loan was sanctioned with interest at 0.50% below Stat Bank Advance Rate and is payable at monthly rests. As of 31.03.2014, total loan have been repaid.
3. Term Loan of Rs.5000 lakhs was taken from State Bank of Hyderabad during the year 2008-09 and it is repayable in 60 monthly installments of Rs.83.30 lakhs each. The loan carried an interest at 75 base points below the prime lending rate of the Bank and is payable at monthly rests. As of 31.03.2013, out of total 60 installments, 51 installments were paid and 9 installments are to be paid. Rate of interest as on 31.03.2013 is 14.25% (31.03.2012: 14.25%). The term loan is secured by a 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 a 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. As of 31.03.2014, total loan have been repaid.
4. Term Loan of Rs.4500 lakh in Indian Rupees was taken from State Bank of Hyderabad during the year 2010-11 and is repayable in 60 monthly installments from Dec, 2010. As of 31.03.2014 out of 60 installments, 40 Installments have been paid & balance 20 installments to be paid every month at Rs.100 lakh for first 12 installments and Rs. 150 lakh for next 7 installments & 1 installment Rs.125 lakh. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.14 is 14.50% (31.03.13: 14.50%). 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 borrower 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.500 lakh in Indian Rupees was taken from Andhra Pradesh State Financial Corporation during the year 2010-11 and is repayable in 55 monthly installments of Rs.9.10 lakh each per month. As of 31.03.2014 out of 55 installments, 35 installments have been paid and balance installments to be paid are 20. The interest was fixed at 3% below Bench Mark Prime Lending rate of interest. Present rate of interest as on 31.03.14 is 13% (31.03.13: 13.00%). The term loan from the APSFC is secured by Parri Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower 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. State Bank of Hyderabad has sanctioned Term Loan for Balancing Equipments, an amount of Rs.4000 lakhs during the financial year 2013-14, the company has drawn an amount of Rs.1485.51 lakhs up to 31.03.2014. The loan principal amount is repayable in 96 monthly installments from March 2015 onwards. The loan was sanctioned with interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. Present rate of interest as on 31.03.14 is 14.50%. 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 borrower company both present and future, and by second charge on the current assets of the company.
7. Term Loan of Rs.2000 lakhs was taken from L & T Finance Ltd during the year 2012-13 and is repayable in 31 monthly installments from June, 2013. As of 31.03.14 out of 31 installments 10 installments were paid and 21 installments are to be paid. The interest was fixed at 4.25% above Base Rate of interest. Present rate of interest as on 31.03.14 is 13.00%. The term loan from the L&T Finance Ltd., is secured by Second Pari Passu charge on the fixed assets i.e., Land, Buildings, Plant & Machinery, Mining Equipment owned by or belonging to the borrower company both present and future, and by second charge on the current assets of the company and are guaranteed by Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director.
8. L & T Infrastructure Finance Co. Ltd., has sanctioned a Term Loan for Railway Siding Project amounting to Rs.9800 lakhs during the financial year 2012-13, the company has drawn an amount of Rs 4500 lakhs up to 31.03.2014. The loan principal amount is repayable in 27 quarterly installments from June 2015 onwards. The loan was sanctioned with interest at 175 bps below Bench Mark Prime Lending rate and is payable at monthly rests. Present rate of interest as on 31.03.14 is 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 borrower company both present and future, and by second charge on the current assets of the company.



9. Term Loan of Rs.2500 lakhs in Indian Rupees was taken from State Bank of India during the year 2012-13 and is repayable in 60 monthly installments from September 2013. As of 31.03.2014 out of 60 installments 7 installments were paid and balance 53 installments are to be paid, 25 lakhs for 1st 21 installments and 56 lakhs for 31 installments & 64 lakhs for Final installment. The interest was fixed at 3.30% above Basic Rate of interest. Present rate of interest as on 31.03.14 is 14.25%. 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 borrower 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.

10. Sales Tax Deferred amount:

The repayment schedule is as under:

	(Rs. in Lakhs)
FY 2015-16	89.79
FY 2016-17	218.57
FY 2017-18	189.35
Total	497.71

11. Vehicle Loans from various Banks / Financial Institutions are secured by the Hypothecation of Specific assets purchased from those loans 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 2014	31 March 2013
Deferred Tax Liabilities	3224.18	4458.34

2.5 OTHER LONG TERM LIABILITIES

Particulars	31 March 2014	31 March 2013
Deposits from Dealers	3119.04	2650.19
Unsecured Loans	1812.90	957.90
Sundry Creditors - Capital Goods	1067.03	985.45
Total	5998.97	4593.54

2.6 LONG TERM PROVISIONS

Particulars	31 March 2014	31 March 2013
Provision for Employee Benefits		
Provision for Gratuity	167.74	101.23
Provision for Fuel Surcharge Adjustment	1694.08	505.70
	1861.82	606.93

2.7 SHORT TERM BORROWINGS

Particulars	31 March 2014	31 March 2013
1. Cash Credit Loans from Banks (Secured)		
State Bank of Hyderabad	2869.12	2985.12
State Bank of India	2797.71	2604.37
IDBI Bank Ltd	801.42	1018.72
Total	6468.25	6608.21
2. Bills Discounting	175.97	250.78
Total Short Term Borrowings	6644.22	6858.99

Cash credit loans from Banks is secured against Stocks of Raw Materials, Finished Goods & 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 2014	31 March 2013
Trade payables	3546.23	5360.94

Out of the said amount Rs.12.25 lakhs (Previous Year: Rs.17.41 lakhs) pertains to micro, small and medium enterprises as defined under 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 2014.

2.9 OTHER CURRENT LIABILITIES

Particulars	31 March 2014	31 March 2013
1. Current Maturities of Long Term Borrowings		
Andhra Pradesh State Financial Corporation Ltd.	109.20	109.20
State Bank of Hyderabad (STCL)	1200.00	1200.00
State Bank of Hyderabad	0.00	715.09
State Bank of India	0.00	725.96
L & T Finance Ltd.	775.31	395.08
State Bank of India	300.00	175.00
IDBI Bank Ltd.	0.00	1500.00
Total of Term Loans	2384.51	4820.33
Hire Purchase Loans	331.72	492.00
Sales Tax Deferred Amount	2.90	0.00
Total of Current Maturities on Long Term Borrowings	2719.13	5312.33
2. Other Liabilities		
Advances from Customers	1526.30	1351.22
Sundry Creditors for Transport and Other Expenses	3214.87	1907.11
Value added Tax & CST Payable	1231.74	804.92
Excise duty Payable	554.18	51.72
TDS Payable	51.64	45.68
Employee related payables P.F., ESI & Others	15.72	14.23
Unclaimed dividends	43.43	45.82
Interest Accrued but not Due	77.93	89.03
Others	624.85	337.36
Total Other Liabilities	7340.66	4647.09
Total Other Current Liabilities	10059.79	9959.42

2.10 SHORT TERM PROVISIONS

Particulars	31 March 2014	31 March 2013
Provision for Income Tax	0.00	218.46
Provision for Dividend	0.00	173.88
Provision for Dividend tax	0.00	29.55
Provision for Employee Benefits	177.23	104.71
Others	0.11	0.19
Total	177.34	526.79

NON CURRENT ASSETS

2.11 FIXED ASSETS (TANGIBLE)

Particulars	31 March 2014	31 March 2013
Fixed Assets (Tangible)	53459.91	51349.09
Less: Accumulated Depreciation	19948.86	17291.86
Net Fixed Assets	33511.05	34057.23



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
Cost Or Valuation											
At 1st April 2012	1822.50	8927.67	29775.41	279.67	3927.62	206.88	179.10	389.62	728.05	2847.15	49083.67
Additions	620.04	1018.06	97.47	0.00	0.00	222.96	253.82	30.83	135.08	70.40	2448.66
Disposals	27.66	24.00	0.00	0.00	2.00	0.00	0.00	0.00	126.58	3.00	183.24
At 31st March 2013	2414.88	9921.73	29872.88	279.67	3925.62	429.84	432.92	420.45	736.55	2914.55	51349.09
Additions	105.46	143.21	1480.83	0.00	0.00	253.61	112.48	8.13	17.28	39.83	2160.83
Disposals	3.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46.89	0.00	50.01
At 31st March , 2014	2517.22	10064.94	31353.71	279.67	3925.62	683.45	545.40	428.58	706.94	2954.38	53459.91
Depreciation											
At 1st April 2012	0.00	1868.05	8157.26	209.16	1866.89	115.57	90.41	297.70	444.75	1697.32	14747.11
Charge for the year 2012-13	0.00	392.69	1519.06	14.77	278.89	23.54	16.63	30.89	87.82	310.10	2674.39
Disposals	0.00	20.43	0.00	0.00	1.86	0.00	0.00	0.00	105.52	1.83	129.64
At 31st March 2013	0.00	2240.31	9676.32	223.93	2143.92	139.11	107.04	328.59	427.05	2005.59	17291.86
Charge for the Year 2013-14	0.00	419.20	1535.37	14.62	240.71	86.14	55.95	31.79	79.18	230.44	2693.40
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.40	0.00	36.40
As 31st March 2014	0.00	2659.51	11211.69	238.55	2384.63	225.25	162.99	360.38	469.83	2236.03	19948.86
Net Block											
At 31st March,2013	2414.88	7681.42	20196.56	55.74	1781.70	290.73	325.88	91.86	309.50	908.96	34057.23
As 31st March,2014	2517.22	7405.43	20142.02	41.12	1540.99	458.20	382.41	68.20	237.11	718.35	33511.05



2.12 NON CURRENT INVESTMENTS

Particulars	31 March 2014	31 March 2013
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, 2013: 65,236,399 Equity Shares)	8600.00	8600.00
26,000 Equity Shares of Rs.10 each in Panchavati Polyfibres Ltd., (March 31, 2013: 26,000 Equity Shares)	2.60	2.60
Investment in equity instruments (Unquoted) - Others		
500 Equity Shares of Rs.10 each in PCL Financial Services Ltd., (March 31, 2013: 500 Equity Shares)	0.05	0.05
Total	8602.65	8602.65

2.13 LONG-TERM LOANS & ADVANCES

Particulars	31 March 2014	31 March 2013
Unsecured considered good		
Capital Advances		
Advance for Land	16.83	21.98
Advances to Capital goods	1285.85	840.04
Total of Capital Advances	1302.68	862.02
Security Deposits		
Securities Considered Good		
Deposits with APSEB	1119.28	969.26
Total of Security Deposits	1119.28	969.26
Other Loans & Advances		
Rental Deposit	40.50	40.50
Deposit with South Central Railways and Suppliers	50.00	50.00
Total of Loans & Advances	90.50	90.50
Deposits in disputed cases		
Fuel Surcharge Adjustment paid under protest	1694.08	505.70
Advance to Central Excise	195.00	195.00
Deposits with APSEB	108.02	108.02
APGST Paid Under protest	78.68	35.45
CENVAT Paid under protest	3.84	3.84
Deposits with Road Transport Authority	6.59	6.59
Total Advance Paid under Protest	2086.21	854.60
Total	4598.67	2776.38



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

Particulars	31 March 2014	31 March 2013
Raw materials	207.69	392.67
Work in Progress	568.20	705.06
Finished goods	662.51	649.21
Stores	1916.42	1833.01
Packing Materials	166.02	334.87
Coal	425.05	2033.48
Goods in Transit		
Coal	227.39	566.24
Raw materials	4.14	7.55
Fly Ash	0.12	0.00
Total	4177.54	6522.09

2.15 TRADE RECEIVABLES

Particulars	31 March 2014	31 March 2013
Debtors outstanding for a period exceeding six months		
Secured, considered good	78.58	66.63
Unsecured, considered good	433.90	366.37
Total	512.48	433.00
Debtors outstanding for a period less than six months		
Secured, considered good	1954.32	2260.91
Unsecured, considered good	2381.61	2635.64
Total	4335.93	4896.55
Total Trade Receivables	4848.41	5329.55

2.16 CASH & CASH EQUIVALENTS

Particulars	31 March 2014	31 March 2013
Cash in Hand	23.05	13.26
Cash at Banks	36.96	307.70
Gold Coins at cost	2.32	2.32
On Dividend accounts	43.42	45.82
Deposits with Banks	351.28	2090.98
Total	457.03	2460.08

2.17 SHORT TERM LOANS AND ADVANCES

Particulars	31 March 2014	31 March 2013
Advances to Suppliers	472.60	994.85
Advances to Others	251.18	180.99
Deposits with Suppliers	365.65	638.72
Balances with Income Tax Authorities	1360.59	1600.69
Central Excise & Cenvat & Service Tax Receivable	178.93	195.24
Total	2628.95	3610.49



2.18 OTHER CURRENT ASSETS

Particulars	31 March 2014	31 March 2013
Incentives Receivable from A.P Government	3415.75	3289.39
Other Current Assets	251.67	237.04
Excise Duty Refund Receivable	235.51	235.51
Total	3902.93	3761.94

2.19 REVENUE FROM OPERATIONS

Particulars	31 March 2014	31 March 2013
Sale of Products	56109.56	63904.03
Less: Excise Duty	7215.73	8052.48
Net Sales	48893.83	55851.55
Particulars	31 March 2014	31 March 2013
Sale of Products including taxes on sale	63071.16	72120.29
Less: Taxes On Sale	6961.60	8216.26
Sale of Products	56109.56	63904.03

2.20 OTHER INCOME

Particulars	31 March 2014	31 March 2013
Interest Income & Rent received	114.59	99.08
Dividend Income	0.52	0.52
Net gain on sale of Assets	116.03	426.01
Insurance Claims	7.11	0.00
Incentives from A.P Govt. under Industrial Policy 2005-10	1499.52	2076.92
Sale of scrap & Others etc	40.13	0.42
Other income	3.72	0.00
Total	1781.62	2602.95

2.21 COST OF MATERIAL CONSUMED

Particulars	31 March 2014	31 March 2013
Raw materials Inventory at the Beginning of the year	392.66	196.74
Add: Purchases	5043.16	5581.60
Total	5435.82	5778.34
Less: Inventory at the end of the year	207.70	392.66
Cost of Raw materials consumed	5228.12	5385.68
Details of Raw materials consumed		
Limestone	2248.66	2430.33
Laterite	536.70	662.75
Iron ore/Iron ore sludge	781.66	230.05
Mill-scale	4.04	247.73
Gypsum	837.74	1004.85
Fly Ash	819.32	809.97
Total	5228.12	5385.68
Details of Inventory		
Laterite	93.56	68.78
Iron ore/Iron ore sludge	31.03	275.29
Gypsum	78.79	45.47
Fly Ash	4.32	3.12
Total	207.70	392.66



2.22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	31 March 2014	31 March 2013
Closing stock of Work in Progress	568.20	705.06
Closing stock of Finished goods	662.51	649.21
Total	1230.71	1354.27
Opening stock of Work in Progress	705.06	1475.36
Opening stock of Finished goods	649.21	452.68
Total	1354.27	1928.04
(Increase)/Decrease in stocks	123.56	573.77
Adjustment of Excise duty On stocks	3.71	1.42
Net (Increase)/Decrease in stocks	127.27	575.19

2.23 OTHER MANUFACTURING EXPENSES

Particulars	31 March 2014	31 March 2013
Coal consumed	11054.17	13326.71
Power	8774.47	7755.11
Packing Material	2787.12	2721.59
Stores & spares consumed	1631.10	1616.83
Repairs & Maintenance Plant & Machinery	886.51	903.13
Repairs & Maintenance Buildings	45.08	57.09
Repairs & Maintenance Vehicles	16.44	14.68
Repairs & Maintenance Others	24.64	118.85
Colony Maintenance	31.43	27.39
Vehicle Maintenance	21.62	28.91
Total	25272.58	26570.29

2.24 EMPLOYEE BENEFIT EXPENSES

Particulars	31 March 2014	31 March 2013
Salaries, Wages, Bonus & Allowances	2197.58	1990.37
Contribution to Provident Fund & Other Funds	125.37	116.49
Staff welfare expenses	208.32	196.54
Total	2531.27	2303.40

2.25 OTHER EXPENSES

Particulars	31 March 2014	31 March 2013
Transportation paid	10585.56	10900.77
Selling expenses	4071.94	4941.62
Security services	66.21	64.43
Administrative expenses	225.96	228.16
Legal, Consultancy & Professional expenses	124.68	103.99
Payments to auditors (refer details below)	9.86	9.29
Insurance	124.78	115.39
Travelling and Conveyance	122.80	163.34
Rent Paid	165.14	149.02
Rates, Taxes & Licenses	45.51	48.25
Donations	23.61	45.85
Incentives excess provision written off	0.00	12.44
Other Expenses	37.22	15.24
Total	15603.27	16797.79



PAYMENT TO AUDITORS	31 March 2014	31 March 2013
Internal Audit Fees	2.40	2.00
Internal Audit Expenses	0.43	0.24
Audit Fees	5.00	5.00
Cost Audit Fees	2.00	2.00
Reimbursement of Cost Audit Expenses	0.03	0.05
Total Payment to Auditors	9.86	9.29

2.26 FINANCE COST

Particulars	31 March 2014	31 March 2013
Interest		
on Term Loans	1183.27	1379.93
on Working Capital Loans	917.80	995.57
Sub-Total : Interest	2101.07	2375.50
Bank charges & Others	853.67	679.88
Total Finance Cost	2954.74	3055.38

2.27 EARNINGS PER SHARE

Particulars	31 March 2014	31 March 2013
1. Net Profit / (Loss) for the period	-2558.11	877.98
Shares		
Number of shares at the beginning of the period	17388014	17388014
Number of shares at the end of the period	17388014	17388014
2. Earnings per share Rs.		
Basic	-14.71	5.05
Diluted	-14.71	5.05

2.28 CONTINGENT LIABILITIES

Particulars	31 March 2014		31 March 2013	
	Disputed Amount	Paid Under Protest	Disputed Amount	Paid Under Protest
AP TRANSCO Voltage surcharge and grid supporting charges (Refer Note 1)	173.50	108.00	173.50	108.00
Demand by Sales tax authorities year 2009-10-Sale of Fixed Assets (Refer Note 2)	109.40	27.40	109.40	27.40
Demand by Sales Tax authorities year 1999-2000-Interest on delayed payment (Refer Note 3)	19.60	4.90	19.60	4.90
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note 4)	225.00	195.00	225.00	195.00
Demand by Central Excise Department benefit of Cenvat credit on capital goods (Refer Note 5)	650.80	0.00	650.80	0.00
Demand by Road Transport Authority, Nalgonda for payment of Life Tax on dumpers used in the mines (Refer Note No. 6)	28.50	3.20	28.50	3.20
Demand Raised by Central Excise Department (Refer Note No. 7)	59.41	0.00	59.41	0.00
Demand Raised by Central Excise Department (Refer Note No. 8)	146.30	0.00	146.30	0.00
Demand Raised by Central Excise Department (Refer Note No.9)	7.67	3.84	7.67	3.84
Disallowed input tax credit on sales made to SEZ units for the year 2010-11.(Refer Note No. 10)	6.29	0.00	0.00	0.00



Disallowed input tax credit on steel during the year 2007-08. (Refer Note No. 11)	144.25	18.03	0.00	0.00
Disallowed input tax credit on steel during the year 2008-09. (Refer Note No. 12)	75.68	9.46	0.00	0.00
Demand raised by Commissioner of Customs Visakhapatnam, relating to coal classification. (Refer Note No. 13)	67.92	0.00	0.00	0.00
Demand raised by Commissioner of Customs Guntur, relating to coal classification. (Refer Note No. 14)	54.75	0.00	0.00	0.00
Disallowance of Expenditure U/s 14A (Refer Note No. 15)	37.60	0.00	75.29	0.00

- 1 APTRANSCO had raised a demand of Rs.173.50 lakhs towards voltage surcharge and grid supporting charges and the company has paid Rs.108.00 lakhs 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.109.40 lakhs in respect of tax on sale of fixed assets. The company has paid an amount of Rs. 27.40 lakhs and contested before the Sales Tax Appellate Tribunal.
- 3 Demand raised by the Sales Tax Authorities for a sum of Rs.19.60 lakhs 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.4.90 lakhs.
- 4 The Excise Department had raised a demand of Rs.225.00 lakhs denying the benefit of Cenvat credit on dumpers used in captive mines. The company has paid an amount of Rs.195 lakhs under protest and filed an appeal with CESTAT, Bangalore. Matter is pending before CESTAT.
- 5 The Excise Department had raised a demand of Rs.650.80 lakhs denying the Cenvat credit on MS Steel, Cement, TMT bars etc., used in expansion. The company has contested the same before CESTAT who in turn demanded 50% of the aforesaid amount i.e. Rs.325.40 lakhs to be paid. The company went for an appeal before AP High Court. The AP High Court has granted interim stay order.
- 6 Show Cause Notice has been received from the RTA, Nalgonda demanding Life Tax on 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.
- 7 Additional Director General Intelligence Hyderabad has issued a Show Cause Notice No.26/2012(OR Mo.53/2012) dated 27-03-13 for an amount of Rs.59.41 lakhs and an equal amount of penalty along with interest on the ground that cement has been cleared to the contractors at a rate which is lesser than the price at which the cement was sold in the normal course of transaction, resulting into a short payment of Central excise duty. Matter is pending before CESTAT Bangalore.
- 8 The Commissioner of Central Excise, Customs and Service Tax, Hyderabad III Commissionerate has raised a Demand for Rs.136.30 lakhs along with interest and also imposed a penalty Rs.10.00 lakhs on the ground that the Company has availed Cenvat Credit against Service Tax paid on the freight charges incurred for the transportation of cement beyond the place of removal during the period from July 2008 to February 2011. Matter is pending before CESTAT Bangalore.
- 9 The Commissioner (Appeals) of Central Excise, Customs and Service Tax has disallowed CENVAT credit of Rs.7.67 lakhs availed during the period from December 2006 to March 2010 on the ground that Cenvat Credit had been availed on Input Services such as Advertisement, Audit and Telephone telex services used in relation to the trading activity which did not have any nexus with the manufacturing activity. An amount Rs.3.84 lakhs has been deposited by the company under protest and an appeal has been filed before CESTAT, Bangalore in this regard.



- 10 Input tax credit on sales made to SEZ units during the year 2010-11 amounting to Rs.6.29 lakhs has been disallowed. Interim stay was granted by AP High court. Final hearing is pending before the AP High Court.
 - 11 Input tax credit on steel, MS Angles, etc. taken at the time of factory expansion during the year 2007-08 has been disallowed by the Commercial Tax authorities. Demand was raised for an amount of Rs.144.25 lakhs. An amount of Rs.18.03 lakhs have been paid in order to maintain the appeal. Matter is pending before Appellate Deputy Commissioner Tribunal.
 - 12 Input tax credit on steel, MS Angles, etc. taken at the time of factory expansion during the year 2008-09 has been disallowed by the Commercial Tax authorities. Demand was raised for an amount of Rs.75.68 lakhs. An amount of Rs.9.46 lakhs have been paid in order to maintain the appeal. Matter is pending before Appellate Deputy Commissioner Tribunal.
 - 13 Commissioner of Customs Visakhapatnam has served a demand order on the ground that imported coal was wrongly classified under steam coal instead of bituminous coal. Demand was raised for an amount of Rs.67.92 lakhs. The company has filed an appeal before CESTAT Bangalore against the said order.
 - 14 Commissioner of Customs Guntur has served a show cause notice on the ground that imported coal was wrongly classified under steam coal instead of bituminous coal. Demand was raised for an amount of Rs. 54.75 lakhs. The matter is pending before Commissioner (Appeals).
 - 15 The Deputy Commissioner of Income Tax Circle-1(1), Hyderabad has disallowed an amount of Rs.37.60 lakhs under Section 14A (Disallowance of expenditure incurred in relation to income which is not included in the total income) claimed as expenditure during the assessment years from 2008-09 to 2010-11 on account of Interest paid on term loans to Financial Institutions. In this regard an appeal is being filed by the company with Appellate Tribunal.
 - 16 Bank Guarantees Pending as on 31.03.14 Rs.418.50 lakhs (Previous year Rs. 376.93 lakhs).
- 2.29 APTRANSCO has raised a demand of Rs.21.59 crores, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years. Out of which, the company has paid an amount of Rs.16.94 crores up to 31.3.2014. The company has filed Writ Petition with High Court of Andhra Pradesh. The matter is still pending before the High Court as on 31.03.2014
- 2.30 The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are given below:

a) **Reconciliation of opening & closing balance of Defined benefit obligation**

Description	31 March 2014		31 March 2013	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Defined benefit obligation at the beginning of the year	381.87	72.91	294.85	31.80
Current service cost	53.88	22.38	44.15	41.10
Interest cost	31.31	5.98	25.36	2.74
Actuarial (gain) / loss	5.42	61.58	40.55	52.90
Benefits paid	(10.21)	(67.56)	(23.04)	(55.63)
Defined benefit obligation at the year end	462.27	95.29	381.87	72.91



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

Description	31 March 2014		31 March 2013	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets at the beginning of the year	280.64	-	171.61	-
Expected return on plan assets	24.10	-	20.17	-
Actuarial gain / (loss)	-	-	-	-
Employer contribution	0.00	-	111.90	-
Benefits paid	(10.21)	-	(23.04)	-
Fair value of plan asset at the year end	294.53	-	280.64	-

c) **Reconciliation of fair value of assets and obligations**

Description	31 March 2014		31 March 2013	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets as at 31st March, 2014	294.53	-	280.64	-
Present value of obligations as at 31st March, 14	462.27	95.29	381.87	72.91
Amount recognized in the Balance sheet	(167.74)	(95.29)	(101.23)	(72.91)

d) **Expenses recognized during the year**

Description	31 March 2014		31 March 2013	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	53.88	22.38	44.16	41.10
Interest cost	31.31	5.98	25.36	2.74
Expected return on plan assets	(24.10)	-	(20.17)	-
Actuarial (gain) / loss	5.41	61.58	40.55	52.90
Net cost	66.50	89.94	89.90	96.74

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

Actuarial assumptions

- Mortality table (LIC) 2008-10 (ultimate)
- Discounting rate – 8.20 %
- Expected rate of return on plan asset – 9.25%
- Expected average remaining working lives of employees–18 Years
- Rate of escalation in salary – 5 %

2.31 As required by Accounting Standards AS 18, the related parties' disclosure issued by the Institute of Chartered Accountants of India is as follows:

Related Party Disclosures:

Names of related parties and description of relationship:

S.No	Particulars	
1	Associates	Vicat Sagar Cement Private Limited
2	Key Management Personnel	a. Shri S.Veera Reddy, Managing Director b. Dr.S.Anand Reddy, Joint Managing Director c. Shri S.Sreekanth Reddy, Executive Director
3	Enterprise where key managerial personnel along with their relatives exercise significant influence	a. Panchavati Polyfibres Ltd. b. Sagar Power Limited c. RV Consulting Services Pvt. Ltd. d. Sagar Priya Housing & Industrial Enterprises Ltd. e. Sagarsoft (India) Ltd. f. Smt S.Vanajatha



Transactions with related parties during the year ended March 31, 2014

(Rs. in Lakhs)

Nature of Transaction	Key Management Personnel	Enterprise where key managerial personnel along with their relatives exercise significant influence	Balance as on 31.03.2014
Purchase of power from Sagar Power Ltd.		1381.12	464.81
Remuneration to Directors:			
1. Sri S.Veera Reddy, Managing Director	24.00		
2. Dr.S.Anand Reddy, Joint Managing Director	48.00		
3. Sri S.Sreekanth Reddy, Executive Director	41.54		
Rent Payments:			
1. Dr.S.Anand Reddy, Joint Managing Director	27.00		
2. Sri S.Sreekanth Reddy, Executive Director	27.00		
3. Smt.S.Vanajatha		27.00	
Purchase of Bags from Panchavati Polyfibres Limited.		2715.70	603.83
Dividend received from Panchavati Polyfibres Limited.		0.52	
Loan taken from RV Consulting Services Pvt. Ltd.		855.00	1413.00
Interest on loan paid to RV Consulting Services Pvt. Ltd.		135.96	48.28
Consultancy charges paid to RV Consulting Services Pvt.Ltd.		100.00	0.00

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

Particulars	31 March 2014	31 March 2014	31 March 2013	31 March 2013
Raw Materials	% of Total Consumption	Value of Consumption	% of Total Consumption	Value of Consumption
Imported	0	0	0	0
Indigenous	100	5228	100	5385
Total	100	5228	100	5385
Spare Parts				
Imported	5.54	89.84	1.03	16.66
Indigenous	94.46	1532.58	98.97	1595.05
Total	100.00	1622.42	100.00	1611.71

2.33 CAPITAL COMMITMENTS

Particulars	31 March 2014	31 March 2013
Estimated amount of Contracts remaining to be executed on capital account	3071.94	5393.02

2.34 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2014	31 March 2013
Components, Spare parts, Capital Items and Others	64.52	588.11
Total	64.52	588.11

2.35 EXPENDITURE IN FOREIGN CURRENCY

Particulars	31 March 2014	31 March 2013
Travelling	6.03	18.35
Total	6.03	18.35



2.36 Dividend Remittance in Foreign Currency

Particulars	31 March 2014	31 March 2013
Number of shares on which dividends were remitted	1,000,000	1,000,000
Amount Remitted (Rs. in Lakhs)	10.00	30.00
Period to which dividend payment relates	Year ended March 31, 2013	Year ended March 31, 2012

For and on behalf of

P.Srinivasan & Co.,
Chartered Accountants (F.R.No.0040555)

K.Ranganathan
Partner
M.No. 010842

Hyderabad
13th May 2014

S.Veera Reddy
Managing Director

S.Sreekanth Reddy
Executive Director

For and on behalf of the Board

Dr.S.Anand Reddy
Joint Managing Director

K.Prasad
Asst.Vice President (Finance)

R.Soundararajan
Company Secretary



SAGAR CEMENTS LIMITED

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

CIN : L26942TG1981PLC002887

Tel.No.: +91-40-23351571 Fax No.: +91-40-23356573 E-mail: info@sagarcements.in Website: www.sagarcements.in

ATTENDANCE SLIP

**33rd ANNUAL GENERAL MEETING ON WEDNESDAY, THE 24TH SEPTEMBER, 2014 AT 4.00 P.M.
at Hotel Golkonda, Masab Tank, Hyderabad-500 028**

Folio No.	DP ID No.	Client ID No.
-----------	-----------	---------------

I/We hereby record my/our present at the Thirty Third Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 4.00 p.m. on Wednesday, the 24th September, 2014.

Name of the Member : _____ Signature : _____

Name of the Proxyholder : _____ Signature : _____

- Notes:
1. Only Member / Proxyholder can attend the Meeting.
 2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member / Proxyholder, sign this Attendance Slip and hand it over, duly signed at the entrance of the Meeting hall.
 3. A Member / Proxyholder attending the meeting should bring his/her copy of the Annual Report for reference at the meeting.

SAGAR CEMENTS LIMITED

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

CIN : L26942TG1981PLC002887

Tel.No.: +91-40-23351571 Fax No.: +91-40-23356573 E-mail: info@sagarcements.in Website: www.sagarcements.in

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies
(Management and Administration) Rules, 2014)

Name of the Member (s) : _____

Registered address : _____

E-mail Id : _____

Folio No. / Client ID No. : _____ DP ID No. _____

I/We, being the member(s) holding _____ shares of Sagar Cements Limited, hereby appoint:

1. Name: _____ Email ID: _____

Address: _____

Signature _____ or failing him;

2. Name: _____ Email ID: _____

Address: _____

Signature _____ or failing him;

3. Name: _____ Email ID: _____

Address: _____

Signature _____

As my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on **Wednesday, the 24th September, 2014 at 4.00 p.m.** at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof in respect of such resolutions as are indicated below:



Sl. No.	Description of Resolution
1	Adoption of Statement of Profit and Loss, Balance Sheet, Reports of Board of Directors and Auditors thereon for the year ended 31st March, 2014
2	Reappointment of Dr.S.Anand Reddy, who retires by rotation
3	Appointment of Auditors and to fix their remuneration
4	Appointment of Shri John-Eric Fernand Pascal Cesar Bertrand as a Director liable to retire by rotation
5	Appointment of Shri O.Swaminatha Reddy as an Independent Director
6	Appointment of Shri K.Thanu Pillai as an Independent Director
7	Ratification of remuneration payable to Cost Auditors

Signed this ____ day of _____ 2014

Please
affix
Re. 1/-
Revenue
Stamp

Signature of shareholder _____ Signature of Proxyholder(s) _____

- Note:**
1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, not less than 48 hours before the commencement of the Meeting.
 2. A proxy need not be a member of the Company.
 3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 33rd Annual General Meeting of the Company.



SAGAR CEMENTS LIMITED

CIN : L26942TG1981PLC002887

Registered Office :

Plot No.111, Road No.10, Jubilee Hills,
Hyderabad-500 033, Telangana, India

Tel: 040 - 23351571

Fax: 040 - 23356573

www.sagarcements.in

Leader in Special Cements

Ordinary Portland Cement
(OPC Grade 43 & Grade 53)

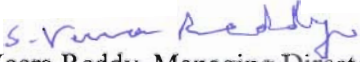
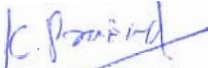


Sulphate Resistant Cement

Special Grade Ordinary
Portland Cement.

Special Cements

Format A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Sagar Cements Limited
2	Annual Financial Statements for the year ended	31 st March, 2014
3	Type of Audit observation	Unqualified
4	Frequency of observation	Being unqualified, Not Applicable
5	To be signed by:	
	Managing Director	 [S.Veera Reddy, Managing Director]
	CFO	 [K.Prasad, Asst.Vice President (Finance)]
	Auditor of the company	 [K.Ranganathan, P.Srinivasan & Co., Statutory Auditors]
	Audit Committee Chairman	 [O.Swaminatha Reddy]

Date: 10.09.2014