

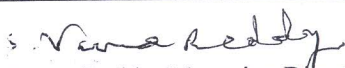
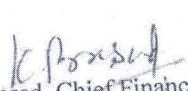

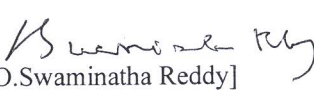
SAGAR CEMENTS  
34<sup>th</sup>  
ANNUAL REPORT  
2014-2015



**SAGAR CEMENTS LIMITED**

**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 <sup>st</sup> March, 2015
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, Chief Financial Officer]
	Auditor of the company	 [K.Ranganathan, P.Srinivasan & Co., Statutory Auditors]
	Audit Committee Chairman	 [O.Swaminatha Reddy]

Date: 01.09.2015



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## BOARD OF DIRECTORS

### BOARD OF DIRECTORS

Shri O.Swaminatha Reddy	Chairman – Independent & Non-Executive
Shri S.Veera Reddy	Managing Director
Dr.S.Anand Reddy	Joint Managing Director
Shri S.Sreekanth Reddy	Executive Director
Mrs.S.Rachana	Non-Executive Director (w.e.f.18.3.2015)
Shri K.Thanu Pillai	Independent & Non-Executive
Shri V.H.Ramakrishnan	Independent & Non-Executive (w.e.f.30.3.2015)
Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive
Shri K.Rajendra Prasad	APIDC Nominee

### CHIEF FINANCIAL OFFICER

Shri K.Prasad

### COMPANY SECRETARY

Shri R.Soundararajan

### SENIOR MANAGEMENT TEAM

#### Corporate Office:

Shri M.S.A.Narayana Rao	Group President
Shri K.Ganesh	President (Projects)
Shri M.V.Subba Rao	Senior Vice President
Shri P.S.Prasad	Vice President (Marketing)
Shri O.Anji Reddy	Vice President (Electrical & Installations)
Shri K.V.Ramana	Vice President (Mines)

#### 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 34th Annual General Meeting of the Members of Sagar Cements Limited will be held on **Wednesday, the 23rd September 2015 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 Financial Statements for the financial year ended 31<sup>st</sup> March, 2015 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution 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 31<sup>st</sup> March 2015 together with their annexures and the reports of the auditors and directors thereon be and are hereby received, considered, approved and adopted.”

2. To confirm the payment of interim dividend and to declare a final dividend on the equity shares of the company for the financial year ended 31<sup>st</sup> March, 2015 and in this regard to pass the following resolution as an ordinary resolution.

**“Resolved that** the interim dividend of Rs.5/- per share on the 1,73,88,014 equity shares of Rs.10/- each of the company paid to the shareholders for the year 2014-15 be and is hereby confirmed.

**Further Resolved that** a final dividend of Rs.2.50 per share on the 1,73,88,014 equity shares of Rs.10/- each of the company for the year 2014-15 be and is hereby declared.”

3. To appoint a director in the place of Shri S.Srekanth Reddy (DIN: 00123889), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an ordinary resolution.

**“Resolved that** Shri S.Srekanth Reddy (DIN: 00123889) be and is hereby re-appointed as a director liable to retire by rotation.”

4. To appoint Auditors and in this regard to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution.

**“Resolved that** pursuant to Section 139, 140 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, in the place of M/s.P.Srinivasan & Co., Chartered Accountants, who have conveyed their non-availability to act as auditors of the company after this Annual General Meeting, M/s.Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No.0080725), in respect of whom a special notice under Sec.140 (4) of the Companies Act, 2013 has been received by the Company, be and are hereby appointed as auditors of the Company to hold office from the conclusion of its 34<sup>th</sup> Annual General Meeting upto the conclusion of the 39<sup>th</sup> Annual General Meeting subject to ratification by the shareholders annually, at such remuneration as may be fixed by the Board of Directors in consultation with the said firm.”

**SPECIAL BUSINESS**

5. To approve the appointment of Shri Valliyur Hariharan Ramakrishnan as an Independent Director and in this regard to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution.

**“Resolved that** approval be and is hereby accorded to the appointment of Shri Valliyur Hariharan Ramakrishnan (DIN: 00143948), as an Independent Director under Section 149 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under for a period of five years with effect from 30.03.2015.”

6. To appoint Mrs.Rachana Sammidi as a Director liable to retire by rotation and in this regard to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution.

**“Resolved that** Mrs.Rachana Sammidi (DIN: 01590516) be and is hereby appointed as a director liable to retire by rotation.”

7. To modify the terms of payment of remuneration to Shri S.Veera Reddy, Managing Director of the company and in this regard to consider and, if thought fit, to pass, the following resolution as a Special Resolution.



**“Resolved that** pursuant to Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with its Schedule V and subject to the approval, if any, required from the Central Government, the following remuneration be approved for payment to Shri S.Veera Reddy, Managing Director for the period from 1.4.2014 to 12.7.2016, which would also be the minimum remuneration payable to him in the event of loss or inadequacy of profit during the said period of his tenure as Managing Director subject to the same being restricted to the ceiling mentioned in Schedule V of the Companies Act, 2013 as amended from time to time.”

- Salary : Rs.6,00,000/- per month
- Perquisites : As mutually agreed between the Managing Director and the Company, but restricted to 75% of the salary.
- Commission : Such amount of commission calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee thereof, which together with the salary and perquisites shall not exceed the ceiling laid down in the Companies Act, 2013, as amended from time to time or any re-enactment thereof.
- Other benefits : The Managing Director will be eligible for contribution to P.F., Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month’s salary for each completed year of service and encashment of leave at the end of his tenure.

**“Resolved Further** that the Board of Directors 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.”

8. To ratify the remuneration payable to the Cost Auditors and in this regard 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 read with the Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the remuneration of Rs.2,00,000/- excluding reimbursement of actual travel and out of pocket expenses and applicable taxes payable to M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad, the Cost Auditors (Firm Registration No. AACFN0570E), to conduct the audit of its cost records of the company for the financial year ending March 31, 2016.”

**“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.”

9. To approve the alterations in the Memorandum of Association (MoA) of the company and in this regard to consider and, if thought fit, to pass, the following resolution as a Special Resolution:

Pursuant to the provisions of Sections 4 and 13 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, it is hereby resolved to substitute the Clause II of the MoA with the following:

**II. The registered office of the company will be situated in the State of Telangana.**

**“Resolved Further that** pursuant to the provisions of Sections 4 and 13 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, the consent of the company be and is hereby accorded for alteration of the Clause III of the MoA of the company by substituting the heading of Clause III (A) and III (B) in it with the following:

**III (A) The objects to be pursued by the company on its incorporation are:**

**III (B) Matters which are necessary for furtherance of the objects specified in Clause III (A) are:**

**“Resolved Further** that the Clause III (C) of the Memorandum of Association of the Company be and is hereby deleted.”

**“Resolved Further** that pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, consent of the company be and is hereby accorded to alter the Clause IV of the Memorandum of Association of the company by substituting the said Clause IV with the following:

**IV. “The liability of the members of the company is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.”**



**“Resolved Further** that pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, consent of the company be and is hereby accorded to substitute the existing Clause V of the Memorandum of Association with the following:

- V. The Authorised Share Capital of the Company is Rs.22,00,00,000 (Rupees Twenty Two Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each and 20,00,000 (Twenty lakhs) Preference Shares of Rs.10/- each.**

**“Resolved Further** that for the purpose of giving effect to the aforesaid resolutions, the Board of Directors of the company be and is hereby authorized to take such steps and to do all such other acts and deeds as it may deem fit and appropriate and as may be necessary to settle any question, difficulty or doubt that may arise in regard to the said resolutions.”

10. To approve the alterations in the Articles of Association of the company and in this regard to consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**Resolved that** pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force) the regulations contained in the existing Articles of Association of the company be and are hereby altered by substituting its present Articles No.1 to 184 with a new set of Articles 1 to 120 as per the draft submitted to this meeting.”

**“Resolved Further** that the Board of Directors of the company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution.”

#### Notes:

1. The Explanatory Statement in respect of Items No.4 to 10 in the Notice are 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.3, 5 and 6 in respect of appointment and re-appointment of directors 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 future communications to them by e-mail. Members holding their 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 such members have 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, 2015 to 23rd September, 2015** (both days inclusive).
10. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of the same will be made as under within 30 days of its declaration:
  - (a) To all beneficial owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on **16th September, 2015**.
  - (b) To all members whose shares are held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the company on or before the close of business hours on **16th September, 2015**.
11. The un-claimed dividends for the financial year ended 31<sup>st</sup> March, 1996 onwards and up to the financial year ended 31<sup>st</sup> March, 2008 (Interim Dividend) were duly transferred to the Investors Education and Protection Fund set up by the Government of India in accordance with the Companies Act as applicable at the time of such transfer.
12. 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	Rate of Dividend
2007-08	Final	10%
2008-09	Final	25%
2009-10	Final	25%
2010-11	Final	20%
2011-12	Final	30%
2012-13	Final	10%
2014-15	Interim	50%

13. Members may note that the Annual Report for 2014-15 will also be available on the Company's website [www.sagarcements.in](http://www.sagarcements.in) for their download.

#### 14. Voting through Electronic Means:

Pursuant to Section 108 of the Companies Act, 2013, read with its relevant Rules, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (Remote e-voting). The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **16th September, 2015**, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence **at 9.00 a.m. on 20th September, 2015, and will end at 5.00 p.m. on 22nd September, 2015**. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

Procedure for e-voting:

- I. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating e-voting process. The instructions for e-voting are as under:
  - (a) In case of Members receiving an e-mail from Karvy :
    - (i) Launch an internet browser and open <https://evoting.karvy.com>.
    - (ii) Enter the login credentials (i.e. User ID and password). The Event No. + Folio No. or DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
    - (iii) After entering the above details Click on - Login.
    - (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.





- (v) On successful login, the system will prompt you to select the E-Voting Event.
  - (vi) Select the EVENT of Sagar Cements Limited and click on - Submit.
  - (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
  - (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
  - (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
  - (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at [bssass99@gmail.com](mailto:bssass99@gmail.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."
- (b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip
- (i) INITIAL PASSWORD IS PROVIDED, AS FOLLOWS, AT THE BOTTOM OF THE ATTENDANCE SLIP.

EVENT (E-Voting Event Number)	USER ID	PASSWORD
-	-	-

- (ii) Please follow all steps from Sr. No. (i) to Sr. No. (xi) above, to cast vote.
- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.
- III. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
- IV. The voting rights shall be as per the number of equity share held by the Member(s) as on **16<sup>th</sup> September, 2015**. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- V. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at **9.00 a.m. on 20<sup>th</sup> September, 2015** and will end at **5.00 p.m. on 22<sup>nd</sup> September, 2015**. The e-voting module shall be disabled by Karvy at **5.00 p.m. on 22<sup>nd</sup> September, 2015**.
- VI. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VII. The facility for voting, either through electronic voting system or ballot or polling paper will also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the meeting.
- VIII. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- IX. Members who have acquired shares after the despatch of the Annual Report and before the book closure, may approach the RTA for issuance of the User ID and Password for exercising their right to vote by electronic means.
- a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399.  
Example for NSDL : MYEPWD <SPACE> IN12345612345678  
Example for CDSL : MYEPWD <SPACE> 1402345612345678  
Example for Physical: MYEPWD <SPACE> XXX1234567
  - b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - c. Member may call Karvy's toll free number 1-800-3454-001.



- d. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com)
  - e. The results will be declared on or after the AGM. The results along with the Scrutinizer's Report, will also be placed on the website of the Company.
- X. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and the Clause 35 B of the listing agreement, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited, on all the resolutions set forth in this Notice. In order to enable its Members, who do not have the access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, the company is enclosing a Ballot Form with the Notice. Instructions for Ballot Form are given at the back of the said form. Resolution(s) passed by Members through Ballot Forms or e-voting is/are deemed to have been passed as if they have been passed at the AGM.
  - XI. The company has appointed M/s. B S S & Associates, Practicing Company Secretaries, as the 'Scrutinizer' to scrutinize the voting and remote e-voting process (including the Ballot Form received from the members who do not have access to the e-voting process) in a fair and transparent manner.
  - XII. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast through Ballot Form and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith. The result of the voting along with the Scrutinizer's report will also be posted on the company's website [www.sagarcements.in](http://www.sagarcements.in) after the declaration of results by the Chairman or a person authorized by the Chairman. The results shall also be immediately forwarded to the respective Stock Exchanges.
15. Members can opt for only one mode of voting, i.e., either by Ballot Form or e-voting. In case members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
  16. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, M/s. B S S & Associates, Company Secretaries, Office: Parameswara Appartments, # 6-3-626, 5th Floor, 5 – A, Anand Nagar, Khairatabad, Hyderabad-500004 not later than 22<sup>nd</sup> September, 2015 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
  17. 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.
  18. 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 of Directors

Hyderabad  
29<sup>th</sup> July, 2015

**R.Soundararajan**  
Company Secretary

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



## Annexure-1 to the Notice of the 34th 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 9 of the accompanying Notice dated 29<sup>th</sup> July 2015.

#### On Item No.4

M/s.P.Srinivasan & Co., Chartered Accountants, the present auditors, who were re-appointed at the 33<sup>rd</sup> AGM to hold office for a period of 3 years subject to ratification in every AGM, have expressed their non-availability to continue as auditors after conclusion of the ensuing Annual General Meeting due to their other pre-occupations. The Audit Committee of the Board and later the Board of Directors at their meetings held on 29<sup>th</sup> July, 2015 discussed this matter and placing on record their appreciation of the long and valuable association of the above said Firm with the company, have recommended the appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No.008072S) as Auditors of the company for a period of 5 years from the conclusion of the ensuing Annual General Meeting and resolved to seek the approval of the shareholders for the same. A Special Notice under Section 140 (4) of the Companies Act, 2013 has also been received by the company proposing the said appointment. Accordingly, the resolution in Item No.4 is placed before the shareholders for approval.

None of the directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise in the Resolution proposed in Item No.4.

The above explanatory statement is provided, though strictly it may not be required as per Section 102 of the Act.

#### On Item No.5

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Rules made there under and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Board has appointed Shri V.H.Ramakrishnan as an Independent Director for a period of five years with effect from 30<sup>th</sup> March, 2015.

The above named director has given his declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act and Clause 49 of the Listing Agreement for appointment as an independent director. In the opinion of the Board, Shri V.H.Ramakrishnan fulfills the conditions for his appointment as an independent director as specified in the Companies Act 2013 and the rules made there under and he is independent of the Management. A notice under Section 160 (1) of the Act has been received from a Member signifying his intention to propose Shri V.H.Ramakrishnan's appointment as an Independent Director.

A brief profile of Shri V.H.Ramakrishnan is given in the Annexure-2. Keeping in view his expertise and knowledge, it would be in the interest of the company, to approve his appointment as an independent director.

Accordingly, the approval of the shareholders is being sought for the above appointment as contemplated in Clause IV of the Schedule IV to the Companies Act, 2013.

As the resolution relates to the appointment of Shri V.H.Ramakrishnan as an Independent Director, to that extent he may be deemed to be interested in the resolution.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.5.

#### On Item No.6

Mrs.S.Rachana was appointed as an additional director on the Board on 18<sup>th</sup> March, 2015. Under Section 161 (1) of the Companies Act, 2013, she will be holding her office up to the ensuing Annual General Meeting. A notice under Section 160(1) of the Act has been received from a Member signifying his intention to propose Mrs.S.Rachana's appointment as a Director liable to retire by rotation. A brief profile of Mrs.S.Rachana is given in the Annexure-2..

Shri S.Veera Reddy, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy who are all directors and holding significant shares in the company and related to Mrs.S.Rachana may be deemed to be interested in the resolution along with Mrs.S.Rachana, whose appointment as director is proposed.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution concerning her appointment as proposed in Item No.6.



#### On Item No.7

Shri S.Veera Reddy was reappointed by the shareholders on 22<sup>nd</sup> September, 2011 as Managing Director for a period of five years with effect from 13<sup>th</sup> July, 2011. The shareholders later at their meeting held on 25<sup>th</sup> September, 2013 revised the remuneration payable to Shri S.Veera Reddy for the said office as follows, subject to the approval of the Central Government.

Salary : Rs.6,00,000/- per month

Perquisites : As mutually agreed between the Managing Director and the Company, but restricted to 75% of the salary.

Commission : Such amount of commission calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or a Committee thereof, which together with the salary and perquisites shall not exceed the ceiling laid down in Section 309 of the Companies Act, 1956, as then applicable.

Other benefits: The Managing Director will be eligible for contribution to P.F., Superannuation Fund or Annuity to the extent these are not taxable, gratuity at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

The Central Government accorded its approval for payment of the said remuneration up to 31<sup>st</sup> March, 2014. It is now proposed to pay the above remuneration for the remaining period from 1.4.2014 to 12.7.2016 under the Companies Act, 2013. In the event of loss or inadequacy of profits during the said period, the remuneration being proposed will be treated as the minimum remuneration and will be restricted to the ceiling prescribed under Schedule V to the Companies Act, 2013.

The statement containing information required under Section II (B) of Part II of Schedule V to the Companies Act, 2013 is given below:

<b>I General Information</b>			
(1) Nature of Industry	Cement		
(2) Date or expected date of commencement of commercial production	26.01.1985		
(3) In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
(4) Financial performance based on given indicators	Description	Rs. in Lakhs	
		2014-15	2013-14
	Income	94183.95	50675.46
	Profit before Interest Depreciation & Tax	42288.68	1912.94
	Profit after Tax	29665.17	-2558.11
(5) Export performance and net foreign exchange	Nil		
(6) Foreign investments or collaborators, if any	The company has not made any investment outside India. It does not have any collaborator either.		
<b>II Information about the appointee</b>			
(1) Background details	Shri S.Veera Reddy, aged 79, an agriculturist turned industrialist, is the main promoter of the company. He has been a member of the Board of the company since 1982 and its Managing Director since 13 <sup>th</sup> July, 1991.		
(2) Past remuneration	The MD is currently entitled to a total remuneration as detailed in the resolution which was approved by the shareholders on 25 <sup>th</sup> September, 2013. No change in it is contemplated. Approval is sought for payment of the said remuneration as minimum remuneration within the ceiling prescribed under Schedule V of the Companies Act 2013.		



(3) Recognition or awards	-
(4) Job profile and suitability	The MD devotes his whole time and attention to the business of the company and carries out such duties as may be entrusted to him by the Board from time to time and exercises such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as a whole-time director, he is looking after the overall day to day affairs of the company along with other whole-time directors of the company.
	<p><b>Suitability:</b></p> <p>Shri S.Veera Reddy, as Managing Director of the company for 25 years, has been instrumental in turning the company from being a mini cement plant to its present level of 2.7 mn tons capacity.</p> <p>Under his able leadership, the company, despite the cyclical ups and downs, has had a track record of good performance, dividend payment, making it one of the most respected organizations in Telangana / Andhra Pradesh.</p>
(5) Remuneration proposed	As detailed in the resolution
(6) Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration being proposed to be paid to Shri S.Veera Reddy is on par with the remuneration prevailing in the company of similar size in the cement industry. Further, no modification in the remuneration is proposed. What is sought for is the payment of remuneration as already approved by the shareholders and the payment of the same as the minimum remuneration under Schedule V of the Companies Act, 2013 in the event of loss or inadequacy of profits during the remaining tenure as Managing Director.
(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Shri S.Veera Reddy is related to Dr.S.Anand Reddy, Joint Managing Director, Shri S.Sreekanth Reddy, Executive Director and Mrs.S.Rachana, Director of the Company. As on date, he is holding 16,43,795 (9.45%) equity shares in the company in his individual capacity.
<b>III Other Information</b>	
(1) Reasons for loss or inadequate profits	Though the company has not incurred any loss as such for the year 2014-15, there is an apprehension that the profit could be inadequate to pay the remuneration to the Managing Director as approved by the shareholders. In order to enable the company to pay the said remuneration under the new regulations and as minimum remuneration in the event of inadequacy of profits, the proposed resolution is submitted to the shareholders for approval so that the company could pay the said remuneration and within the ceiling allowed under Schedule V of the Companies Act, 2013.
(2) Steps taken or proposed to be taken for improvement	The infrastructure and construction industries, which are the main drivers for cement industry are expected to get a boost in the coming years with the Government's



(3) Expected increase in productivity and profits in measurable terms	continuous thrust to these sectors. These will hopefully push the demand for cement and put the performance of the company on a better position. However, as a measure of abundant caution, to enable the payment of remuneration to the Managing Director as approved by the shareholders in the event of inadequacy of profits, the current proposal is submitted for approval.
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<b>IV Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013</b>		
(1) Age	79 years	
(2) Qualification	Studied up to B.A.	
(3) Experience	55 years	
(4) Date of first appointment on the Board	13.07.1991	
(5) Shareholding in the company	16,43,795	
(6) Relationship with other Directors	Related to Dr.S.Anand Reddy, Shri S.Sreekanth Reddy and Mrs.S.Rachana	
(7) Number of meetings of the Board attended during the year	3	
(8) Other Directorships	Name of the Company	
	M/s.Sagar Power Ltd., Hyderabad	Nature of Directorship
	M/s.Panchavati Polyfibres Ltd., Hyderabad	Director
	M/s.Golkonda Hospitality Services and Resorts Ltd., Hyderabad	Director
	M/s.Sagar Priya Housing and Industrial Enterprises Ltd., Hyderabad	Director
(9) Membership/Chairmanship of Committees of other Boards	Name of the Company	
	M/s.Sagar Power Ltd., Hyderabad	Nature of Committee Audit Committee Nature of Member Chairman

As the resolution relates to the payment of remuneration to Shri S.Veera Reddy, to that extent he and Dr.S.Anand Reddy, Shri S.Sreekanth Reddy and Mrs.S.Rachana, who are related to Shri S.Veera Reddy, may be deemed to be interested in the resolution.

None of the other directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution concerning the payment of remuneration.

#### On Item No.8

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors for the Financial Year 2015-16 on remuneration as detailed in the resolution.

In accordance with the provisions of Section 148 of the Act, 2013 and the Rules made there under, the remuneration payable to the Cost Auditors needs 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.8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2016.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.8.



#### **On Item No.9**

The company was incorporated on 15<sup>th</sup> January, 1981 under the provisions of the Companies Act, 1956 and is deemed to exist within the purview of the present Companies Act, 2013. As the existing Memorandum of Association (MoA) is based on the provisions of the Companies Act, 1956, with the coming in to force of the present Companies Act, 2013, the existing MoA of the company require alteration or deletions to facilitate their alignment with the provisions of the new Companies Act, 2013.

Further, the State of Andhra Pradesh was bifurcated on 2<sup>nd</sup> June, 2014 in to the State(s) of Andhra Pradesh and Telangana. The registered office of the company now falls under the State of Telangana. Accordingly, Clause II of the MoA is sought to be amended to indicate that the Registered Office of the Company will be situated in the State of Telangana.

The headings of the Clause III A and III B of the existing MoA need to be altered in line with Section 4 (1) (c) of the Companies Act, 2013.

“The other objects” of the Company in the present Clause III (C) are sought to be deleted to comply with the Companies Act, 2013, which has no provision for stating “the other objects.”

Likewise, Clause IV of the MoA, which states that “the liability of the Members of the company is limited”, needs to be reworded in line with the Section 4 of the Companies Act, 2013 as proposed in the resolution.

Similarly, the Capital Clause in the Memorandum of Association needs to be altered to bring the same in line with Schedule I, Table A of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution as proposed in Item No.9 excepting to the extent of the respective offices held by them in the company.

#### **On Item No.10**

The existing Articles of Association (AoA) are based on the Companies Act, 1956. Several regulations in the existing AoA contain references to specific Sections of the Companies Act, 1956 which are no longer in force and to that extent are no longer in conformity with the new Companies Act, 2013. Several regulations of the existing AoA of the company therefore require alteration or deletion.

Accordingly, it is proposed to alter the existing AoA by substituting present Articles from 1 to 184 with a new set of Articles from 1 to 120 set out in Item No.10 of the Notice.

A copy of the said MoA and AoA will be posted on the company’s web site and the hard copy of the same will be furnished to the shareholders on specific request.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution as proposed in Item No.10 excepting to the extent of the respective offices held by them in the company.

A copy of the proposed new set of Memorandum and Articles of Association of the company with proposed alterations is posted on the company’s website [www.sagarcements.in](http://www.sagarcements.in) and would be available for inspection by the members at the registered office of the company on all working days except public holidays between 11.00 a.m. to 5.00 p.m. up to and including the date of Annual General Meeting.

The Board commends the Resolutions for approval by the members.

By Order of the Board

Hyderabad  
29<sup>th</sup> July, 2015

**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 34th Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

### Details of Directors seeking appointment / re-appointment at the Annual General Meeting

Name of the Director	Shri S.Sreekanth Reddy	Shri V.H.Ramakrishnan	Mrs.S.Rachana
Date of birth	27.08.1971	13.04.1941	04.08.1975
Experience in specific functional areas	Cement Technologist Has been on the Board since 2003 as Whole-time Director	Retired Bank Executive Possess vast knowledge in Finance and related matters	Corporate Executive
Qualification	B.E. (I & P) and PG Diploma in cement technology	B.Sc., ACA, ACMA	B.Sc.,
Directorships in other Companies	Sagarsoft (India) Ltd. Sagar Power Ltd. Sagar Priya Housing & Industrial Enterprises Ltd. Super Hydro Electric Pvt.Ltd. SPL Renewable Energy Pvt.Ltd. Sree Venkateswara Winery and Distillery Pvt.Ltd.	The KCP Ltd.	Panchavati Polyfibres Ltd. RV Consulting Services Pvt.Ltd.
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Nil	Nil	Nil
No. of shares held in Sagar Cements Ltd.	1085757	Nil	1164280
Inter-se relationship with other Directors of the Company	Related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Mrs.S.Rachana, Director	None	Related to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director

By Order of the Board

Hyderabad  
29<sup>th</sup> July, 2015

**R.Soundararajan**  
Company Secretary

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



## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT



### DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT

#### Dear Members

Your Directors are pleased to present their Thirty Fourth Report together with the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2015.

#### Financial Results

Rs. in Lakhs

Particulars	As on	
	31-03-2015	31-03-2014
Revenue from Operations (Net)	57557.47	48893.83
Other Income	36626.48	1781.62
Total Revenue	94183.95	50675.45
Earnings before Interest, tax, Depreciation and Amortization (EBITDA)	42288.68	1912.94
Finance costs	2308.23	2954.74
Depreciation	2150.47	2693.40
Profit before Tax	37829.98	-3735.20
Total of tax expenses	8141.70	1177.09
Less: Expenditure towards Corporate Social Responsibility	23.11	0.00
Profit after Tax	29665.17	- 2558.11
Add : Profit brought forward from the previous year	8211.30	10769.40
<b>Profit available for appropriation</b>	<b>37876.47</b>	<b>8211.29</b>
<b>Appropriations:</b>		
Less: Dividend	1304.10	0.00
Less: Tax on Proposed Dividend on Equity Shares	262.37	0.00
Less: Transfer to General Reserves	0.00	0.00
Less: Additional Depreciation on account of adjustment as per Companies Act, 2013	51.97	0.00
<b>Total Appropriations</b>	<b>1618.44</b>	<b>0.00</b>
<b>Balance carried to Balance Sheet</b>	<b>36258.03</b>	<b>8211.29</b>
Earnings Per Share (Basic and Diluted) (Rs.)	170.61	- 14.71

#### Dividend

Based on the company's performance, your directors are pleased to recommend for approval of the members, a final dividend of Rs.2.50 per equity share of Rs.10/- each for the financial year 2014-15 taking the total dividend for the said year to Rs.7.50 per share which includes the interim dividend of Rs.5.00 per share already paid by the company for the said year.

The total dividend for the financial year 2014-15, including the interim dividend amounting to Rs.7.50 per share would absorb Rs.1566.47 lakhs including the dividend tax of Rs.262 lakhs.

#### Transfer to reserves

No transfer to reserves is proposed and accordingly the entire balance available in the Profit and Loss Account is retained in it.

#### Management Discussion Analysis

To avoid repetition in Directors Report and the Management Discussion Analysis Report, we furnish below the information under these reports as a composite summary of the performance of the various aspects of the business of the company.

#### Company's performance

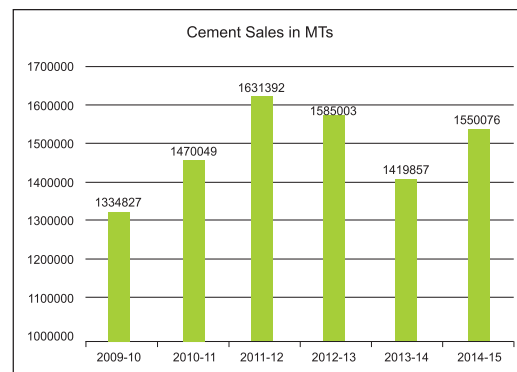
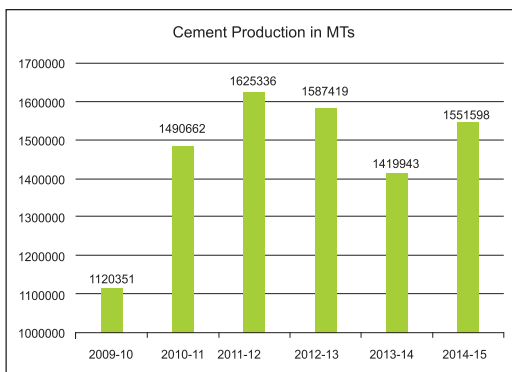
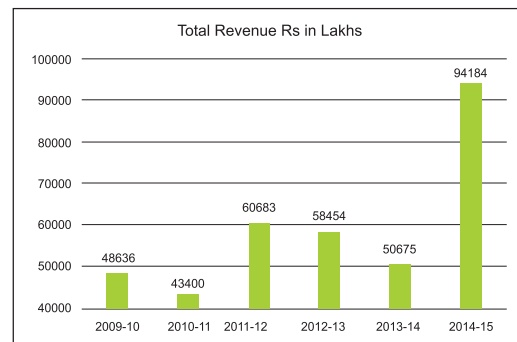
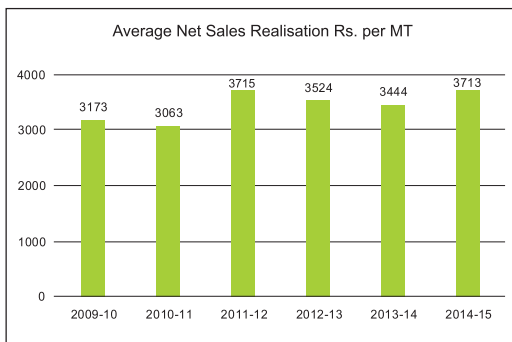
Notwithstanding the bifurcation of the erstwhile State of Andhra Pradesh, which was hoped to result in a spurt in the infrastructure activities in both the resultant States, cement industry continued to face challenges during the year 2014-15 with pricing pressure, weak demand and high input costs. The expected revival in the construction activities in both Telangana and Andhra Pradesh, is yet to pick-up in a big way, though there were signs of marginal revival during the last two quarters of the said financial year.



The performance of the company during the year 2014-15 needs to be evaluated against backdrops of the above scenario. Your company's performance in terms of production and sale of cement and average net sales realization per ton are given below:

Particulars	2014-15	2013-14
Cement Production in MTs	<b>1551598</b>	1419943
Cement Sales in MTs	<b>1550076</b>	1419857
Average Net Sales Realisation per MT (Rs.)	<b>3713</b>	3444
Total Revenue - Rs. In lakhs	<b>94184</b>	50675

During the year, your company sold 15,50,076 tons of cement with an average net realization of Rs.3713/- per ton indicating an increase of 11% over the previous year. During the year, the company earned a net revenue of Rs.94184 lakhs as against Rs.50675 lakhs in the previous year. This includes the sum of Rs.34900 lakhs earned from the sale of its investment in the erstwhile JV.



### Future outlook

The demand for cement, being a derived one, depends mainly on the industrial activities, real estate business, construction activities and investment in the infrastructure sector. Your directors are optimistic that the thrust and importance given in the Union Budget for the development of National Highways, Rural and Urban Roads, Affordable Housing, Port Connectivity, Development of 100 smart cities etc., should help in boosting the muted growth of the cement industry. Your company, with its aggressive marketing, is poised to grab the opportunity available in the above scenario.

The railway siding project currently under implementation by your company will become operational during the second quarter of the current year, which would enable your company to optimize its freight cost and reach out to newer markets. As the members are aware, your company is in the process of acquiring BMM Cements Limited (BMM), which has its manufacturing facilities consisting of 1 million ton capacity cement plant and a 25 MW capacity captive power plant at Gudipadu village, Yadiki Mandal, Ananthapur district, Andhra Pradesh, at an enterprise value of Rs.540 crores as reduced by



the aggregate of the net off current assets and debts as on 31<sup>st</sup> March 2015 with adjustments for transactions taking place from the said date to the date of actual acquisition. The process of acquisition is in the advance stage and barring unforeseen circumstances, the same is expected to be completed within a couple of months, which would enable your company to expand its markets in Southern States. Pending the completion of the said process, as an interim arrangement, your company is procuring cement from BMM and marketing the same under the brand name of “Sagar Cement” in those areas which are currently served by BMM, Your directors hope that this would popularize the brand of “Sagar Cement” in these areas and would enable your company in expanding its marketing network post acquisition. Under these circumstances, your directors are confident that the pace of growth of your company will accelerate significantly.

It is fervently hoped that the division of erstwhile Andhra Pradesh into Telangana and Andhra Pradesh with the new Governments firmly in their saddle in their respective States would ensure more focus on the development of infrastructure. This would augur well for the cement industry. With the completion of the identification process for a new capital for Andhra Pradesh, it is hoped that further steps in the construction activities in the new capital would push the demand for cement. In these two States, infrastructure activities by the private players have also started picking-up. The Governments of the respective States on their part are expected to supplement these activities, as had been hoped prior to the bifurcation. However, till such time, your company may have to face the problems like rising input and distribution costs. Your company therefore attaches greater importance to keep its energy cost which forms part of significant portion of input costs to the minimum by ensuring an optimum combination in the consumption of imported and indigenous coal.

Taking an overall view of the above, your Board, is cautiously optimistic about the future outlook for your company.

#### **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. There are no problems with respect to the availability of limestone. There is also a marginal relief in the coal front due to optimization of consumption of indigenous and imported coal. However, logistics continues to be the main area of concern with the distribution cost remaining a significant component of the cost structure. As hoped elsewhere in this report, the completion of the ongoing project for providing a railway siding near the plant will go a long way in reducing the freight cost.

##### **Stagnant demand**

Housing sector which accounts for 60% – 70% of cement demand is yet to pick-up notwithstanding the promise held out by the division of the erstwhile Andhra Pradesh. It will be some time before the cement industry sees a significant revival in demand.

##### **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**

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 that the industry may witness in the coming years.

##### **Risk Management System:**

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 out 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, statutory, cost and secretarial audit, which are periodically carried out through external audit firms, 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.

To further strengthen this area, the board of directors have recently adopted a Risk Management System, which is under active implementation.

#### **Internal Control System and its adequacy:**

The Board of Directors are satisfied with the adequacy of the internal control system in force in all its major areas of operations of the Company. The company has an ERP and compliance management system in all major areas of its operations. The audit committee assists the board of directors in monitoring the integrity of the financial statements, reservations, if any, expressed by the company's auditors including, the financial, cost, internal and secretarial auditors and based on their inputs, the board is of the opinion that the company's internal controls are adequate and effective.

#### **Joint Venture Company**

In accordance with the approval given by the shareholders, your company has since exited from its JV with Vicat Group, by selling its entire investment of 6,52,36,399 equity shares of Rs.10/- each held by your company in Vicat Sagar Cement Private Limited, the JV company, realizing a sum of Rs.435 crores on the said sale. As the shareholders are aware, your company had invested a sum of Rs.86 crores in the said JV. The proceeds realized in the said stake sale will be utilized for expanding the operations of your company, inter-alia, through acquisition of promising units.

#### **Human resource development and Industrial Relations**

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

Your company is organizing training programmes wherever required for the employees concerned. Employees are also encouraged to participate in the seminars organized by the external agencies related to the areas of their operations.

Your company continues to focus on attracting and retaining competent personnel and providing a holistic environment where they get opportunities to realize their full potential. Your company is committed to provide to all of its employees a healthy and safe work environment.

#### **Sexual Harassment**

Regarding the Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013, the company has constituted the Internal Complaints Committee. No complaints were received or disposed off during the year under the above Act.

#### **Awards and Recognitions**

Your Board is pleased to inform that your company is the recipient of the prestigious "Best Management Award" for the year 2015 from the Government of Telangana.

Your company has successfully achieved ISO Certification ISO 9001:2008 for Quality Management System Standard, ISO 14001:2004 for Environmental Management System Standard and OHSAS 18001:2007 for Occupational Health and Safety Management System Standard.

Your Board is also pleased to inform you that your company's Laboratory at its Plant in Mattampally has recently been awarded with the Accreditation by the National Accreditation Board for Testing and Calibration Laboratories (NABL), which is the sole accreditation body for testing and calibration laboratories under the aegis of Department of Science and Technology, Government of India. With this achievement, your company has joined the elite group of companies in the cement industry in the country.

Your directors are also pleased to inform that your company has been awarded with golden award by the Indian Green Building Council for its corporate office located in Hyderabad.



### Subsidiaries, Joint Ventures or Associate Companies

Your company does not have any subsidiary or associate companies. As earlier mentioned in this report, Vicat Sagar Cement Private Limited, a joint venture of your company ceased to be so during the year under report.

### Directors Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii. they have 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. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Directors and Key Managerial Personnel

Shri G.Suneel Babu, a Nominee director of IDBI, ceased to be director with effect from 5<sup>th</sup> August, 2014 consequent upon the withdrawal of the said nomination by IDBI. The Board places on record its appreciation of the valuable contribution and guidance provided by Shri G.Suneel Babu during his tenure as Nominee director on the Board of the company.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 (Act) which came in to force on 1<sup>st</sup> April, 2014, Shri O.Swaminatha Reddy and Shri K.Thanu Pillai were appointed as Independent Directors at the 33<sup>rd</sup> Annual General Meeting of the company held on 24<sup>th</sup> September, 2014. The terms and conditions of the appointment of these directors are as per Schedule IV of the Act. They had submitted declaration that each of them met the criteria of the independence as provided in Section 149 (6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Shri V.H.Ramakrishnan was appointed as an Independent Director by the Board on 30<sup>th</sup> March, 2015 for a period of five years, which is subject to the approval of the shareholders at the ensuing Annual General Meeting. Shri V.H.Ramakrishnan has submitted a declaration that he meets the criteria for independence as prescribed under Section 149 (6) of the Act. His terms and conditions of appointment are as per Schedule IV of the Act.

Mrs.S.Rachana was appointed as an additional director on 18<sup>th</sup> March, 2015 under Section 161 (1) read with Section 149 (1) (b) of the Companies Act, 2013 and Rule (3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 (II) (A) (1) of the Listing Agreement with the Stock Exchanges. Under the said Section 161 (1), she will be holding her office up to the ensuing Annual General Meeting. The company has received a notice under Section 160 of the Act along with the requisite deposit proposing the appointment of Mrs.S.Rachana as director liable to retire by rotation.

The resolutions seeking the approval of the members for the appointment of Shri V.H.Ramakrishnan as an independent director as well as appointment and re-appointment of Mrs.S.Rachana and Shri S.Sreekanth Reddy respectively as directors liable to retire by rotation have been incorporated in the notice of the forthcoming annual general meeting of the company along with their profile.

Pursuant to the provisions of the Section 203 of the Act, the appointments of Shri S.Veera Reddy, Managing Director, Shri R.Soundararajan, Company Secretary and Shri K.Prasad, Chief Financial Officer as Key Managerial Personnel of the company have been formalized.



Excepting Mrs.S.Rachana, who is a director in Panchavati Polyfibres Limited and RV Consulting Services Pvt.Ltd., whose transactions with the company have been reported under the related parties disclosure under notes to the accounts, none of the other non-executive directors has had any pecuniary relationship or transactions with the company, other than the receipt of sitting fee for the meetings attended by them.

#### **Number of meetings of the board**

Seven meetings of the board were held during the year. Details of such meetings have been given in the corporate governance report, which forms part of the Annual Report.

#### **Policy on directors' appointment and remuneration and other details**

Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the board has adopted a policy for nomination, remuneration and other related matters for directors and senior management personnel. A gist of the policy is available in the Corporate Governance Report.

#### **Board evaluation**

The Board of directors have carried out an evaluation of its own performance and of its committee as well as its individual directors on the basis of criteria such as composition of the board / committee structure, effectiveness, its process, information and functioning etc.

#### **Auditors**

M/s.P.Srinivasan & Co., Chartered Accountants, the present Auditors have expressed their non-availability due to their other pre-occupations, to continue as auditors of the company after conclusion of the ensuing Annual General Meeting. The Board and Audit Committee considered this and after placing on record the long valuable association of the said auditors with the company, have recommended the appointment of M/s. M/s.Deloitte Haskins & Sells, Chartered Accountants (F.R.No.0098072S), as Statutory Auditors of the company from the conclusion of the ensuing Annual General Meeting till the conclusion of the 39<sup>th</sup> Annual General Meeting, subject to the approval of the shareholders for which a Special Notice under Section 140 (4) of the Companies Act, 2013 has been received by the company.

M/s. Deloitte Haskins & Sells, Chartered Accountants (F.R.No.0098072S) have given consent for their proposed appointment and confirmed their appointment, if made, will be in compliance with the applicable provisions of the Companies Act, 2013. Accordingly, a proposal is being placed before the shareholders as part of the Notice of the ensuing Annual General Meeting, seeking its approval for the said appointment.

#### **Auditors' Report and Secretarial Auditors' Report**

##### **Auditors' Report**

The auditors' report does not contain any qualifications, reservations or adverse remarks.

##### **Secretarial Auditors' Report**

In accordance with Section 204 (1) of the Companies Act, 2013, the report furnished by the Secretarial Auditors, who carried out the secretarial audit of the company under the said Section is given in the Annexure-1, which forms part of this report. Regarding the observations made by the Secretarial Auditors on the delay in appointing independent director, as they are self-explanatory, your Board has no comments thereon.

##### **Particulars of loans, guarantees and investments**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

##### **Transactions with related parties**

None of the transactions with related parties falls under the scope of Section 188 (1) of the Act. Information on transactions with related parties pursuant to Section 134 (3) (h) of the Act read with rule 8 (2) of the Companies (Accounts) Rules, 2014 are given in Annexure-2 in Form AOC-2 and the same forms part of this report.

All related party transactions that are entered into during the financial year were on arms length basis and in the ordinary course of business. There were no material significant related party transactions made by the company with promoters, key management personnel or other designated persons that may have potential conflict with the interests of the company at large. All related party transactions were placed before the Audit Committee and Board which approved the same.



### Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of the company and the initiatives undertaken by it on CSR activities during the year are set out in Annexure-3 of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the company, <http://www.sagarcements.in/csr.html>.

### Extract of Annual Return

As provided under Section 92 (3) of the Act, an extract of annual return is given in Annexure-4 in the prescribed Form MGT-9, which forms part of this report.

### Particulars of Employees

The information required under Section 197 of the Act read with Rule 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules are given in the Annexure-5, which forms part of this report.

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Particulars	Ratio to Median Remuneration
<b>Non-Executive Directors *</b>	
<b>Executive Directors</b>	
Shri S.Veera Reddy	33.95
Dr.S.Anand Reddy	23.77
Shri S.Sreekanth Reddy	17.83

\* Non-Executive Directors are not paid any remuneration, other than sitting fee.

- b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Shri O.Swaminatha Reddy	These directors were not paid any remuneration, other than sitting fee, in which there was no increase during the financial year
Shri K.Thanu Pillai	
Shri K.Rajendra Prasad (APIDC Nominee)	
Shri John-Eric Fernand Pascal Cesar Bertrand	
Shri V.H.Ramakrishnan	
Mrs.S.Rachana	
Shri S.Veera Reddy	No increase during the financial year
Dr.S.Anand Reddy	
Shri S.Sreekanth Reddy	
Shri R.Soundararajan	12.47
Shri K.Prasad	20.82

- c. The percentage increase in the median remuneration of employees in the financial year: 9.08%.

- d. The number of permanent employees on the rolls of Company: 429.

- e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees received an annual increase of around 10% in India.

In order to ensure that remuneration reflects Company performance, the performance of the company is also one of the parameter for fixing the remuneration to the employees.



- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in FY15 (₹ crores)	1.64
Revenue (₹ crores) (includes Rs.349 crores realised on stake sale)	941.84
Remuneration of KMPs (as % of revenue)	0.17
Profit before Tax (PBT) (₹ crores)	378.30
Remuneration of KMP (as % of PBT)	0.43

- g. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year

Particulars	March 31, 2015	March 31, 2014	% Change
Market capitalization (in Crores)	534.94	286.90	88.74
Price Earning Ratio	1.80	-11.02	-

- h. Percentage increase over decrease in the market quotations of the shares of the company, comparison to the rate at which the company came out with the last public offer:

Particulars	March 31, 2015	June 22, 1992	% Change
Market Price in NSE	307.65	Not listed	Not listed
Market Price in BSE	295.50	45.00	556%

- i. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase was around 10% for personnel other than managerial personnel.

Increase in the managerial remuneration for the year was Nil.

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

	MD	CS	CFO
Remuneration in FY2014-15 (lakhs)	120.00	20.33	23.34
Revenue (lakhs)	94183.95		
Remuneration as % of revenue	0.127	0.022	0.025
Profit before Tax (PBT) (lakhs)	37829.98		
Remuneration (as % of PBT)	0.317	0.054	0.062

- k. The key parameters for any variable component of remuneration availed by the directors:

Commission is the only variable component which depends on profit earned during the relevant year.

- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **None.**

- m. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

#### Disclosure requirements

As per Clause 49 of the listing agreements entered into with the stock exchanges, corporate governance report with auditors' certificate thereon and Management Discussion and Analysis form part of the Directors Report.

Policy on dealing with related party transactions is available on the website of the company ([www.sagarcements.in](http://www.sagarcements.in)).

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees of the company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177 (9) of the Act and the Listing Agreement with Stock Exchanges and the same is available on the company's web site.





#### **Deposits from public**

The company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

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

The particulars required under Section 134 (3) (m) of the Companies Act, 2013 have been provided in the Annexure-6, which forms part of the Report.

#### **Insurance**

All the properties of the Company have been adequately insured.

#### **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.

#### **Sub Committees of the Board**

The Board has Audit Committee, Nomination and Remuneration Committee, Investment Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, the composition and other details of all of which have been given in the Report on the Corporate Governance forming part of the Annual Report.

#### **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.

#### **Cautionary Statement**

Statements in these reports describing company's projections statements, expectations and hopes are forward looking. Though, these expectations etc., are based on reasonable assumption, the actual results might differ.

#### **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  
29<sup>th</sup> July 2015

**O. Swaminatha Reddy**  
Chairman



## ANNEXURE – 1

Form No. MR-3

### Secretarial Audit Report

For the Financial Year ended on 31<sup>st</sup> MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and  
rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Sagar Cements Limited,  
Plot No.111, Road No.10,  
Jubilee Hills,  
Hyderabad-500033.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by *Sagar Cements Limited* (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of *Sagar Cements Limited's* books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March on 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable as the Company did not issue any security during the financial year under review;**
  - d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (effective 28<sup>th</sup> October 2014) – **Not applicable as the Company has not granted any Options to its employees during the financial year under review;**
  - e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities during the financial year under review;**
  - f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review;**



- g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and**
  - h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back of its securities during the financial year under review.**
- 6) Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - 7) Employees State Insurance Act, 1948
  - 8) Employers Liability Act, 1938
  - 9) Environment Protection Act, 1986 and other environmental laws
  - 10) Equal Remuneration Act, 1976
  - 11) Factories Act, 1948
  - 12) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
  - 13) Maternity Benefits Act, 1961
  - 14) Minimum Wages Act, 1948
  - 15) Negotiable Instruments Act, 1881
  - 16) Payment of Bonus Act, 1965
  - 17) Payment of Gratuity Act, 1972
  - 18) Payment of Wages Act, 1936 and other applicable labour laws

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (Not notified during the audit period and hence not applicable).
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. There was a delay of 147 days in appointing an independent director, as per Clause 49 (II) (D) (4) of the Listing Agreement, in the place of the independent director who had resigned. This delay, we were informed, was due to the on-going efforts by the company to find out a suitable person not fructifying in time. However, as on 31<sup>st</sup> March 2015, the composition of the Board of the company was in compliance with the Companies Act, 2013 and Clause 49 of the Listing Agreement. The other changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**We further report that** there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the financial year under review, the company has obtained approval of the members for following :

- (i) Sale of investment held in Vicat Sagar Cement Pvt. Ltd., and execution of documents connected therewith as per Section 180 (1) (a) and 188 (1) of the Companies Act, 2013



- (ii) Borrowing amounts beyond the limits as per Section 180 (1) (c) of the Companies Act, 2013
- (iii) Mortgaging / charging the properties of the company for securing the present and future borrowings within the limits as may be approved by the shareholders U/s. 180 (1) (a) from time to time
- (iv) Making investments, giving guarantees, granting loans or providing security as per Section 186 of the Companies Act, 2013.

For **B S S & Associates**  
Company Secretaries

**S.Srikanth**  
Partner  
ACS No.: 22119  
C P No.: 7999

Place: Hyderabad  
Date: 01.07.2015

#### Annexure 2

##### Form No. AOC-2

[ Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014 ]

Form for disclosure of particulars of contracts / arrangements entered in to by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Sagar Cements Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2014-15.

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

There were no material contracts or arrangements or transactions with related parties during the financial year 2014-15.

On behalf of the Board of Directors

Hyderabad  
29<sup>th</sup> July, 2015

**O.Swaminatha Reddy**  
Chairman



### Annexure 3

#### Annual Report on CSR Activities

1. A brief outline of the company's CSR policy ( including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes):

SCL is committed to operate and grow its business in a socially responsible way, while reducing the environmental impact of its operations and increasing its positive social impact.

It aims to achieve growth in a responsible way by encouraging people to take small every day actions that will impact a big difference. This SCL CSR Policy is guided by the following principles:

1. To conduct its operations with integrity and responsibility keeping in view the interest of all its stakeholders.
2. It believes that growth and environment should go hand in hand.
3. It looks formal collaboration with different stakeholders including Governments, NGOs, IGOs, Suppliers, Farmers and Distributors to tackle the challenges faced by the society.

The activities undertaken / to be undertaken by the company as CSR activities are not expected to lead to any additional surplus beyond what would accrue to the company in the course of normal operations.

In accordance with Section 135 (5) of the Companies Act, 2013, the company is committed to spend atleast 2% of the average net profit made during the three immediately preceding financial years in areas listed out in the Schedule 7 of the Companies Act, 2013.

The company has a structured governance procedure to monitor its CSR activities, for which purpose, it has constituted a CSR Committee with an independent director as its Chairman.

2. The composition of the CSR Committee:

The company has a CSR committee of directors comprising of Shri K.Thanu Pillai, Chairman of the Committee, Dr.S.Anand Reddy and Shri S.Sreekanth Reddy as its members.

3. Average net profit of the company for last three financial years for the purpose of computation of CSR: Rs.1092.15 lakhs
4. Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above): Rs.21.84 lakhs
5. Details of CSR spent during the financial year:
  - a. Total amount spent for the financial year: Rs.23.11
  - b. Amount unspent: Nil

c. Manner in which the amount spent during the financial year 2014-15 is detailed below:

Sl. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken.	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads : (1) Direct Expenditure (2) Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
01	Preventive health care and promotion for safe drinking water	Preventive health care and promotion of sanitation and making available safe drinking water.	Telangana and Andhra Pradesh	5,47,403	5,47,403	5,47,403	Direct
02	Training and educating	Promotion of Education and infrastructure for it.	Local Areas of Nalgonda Dist	96,050	96,050	96,050	Direct
03	Training and promotion of sports	Organizing sports events and sponsor of sports personnel	PAN India	11,27,470	11,27,470	11,27,470	Direct
04	Rural Development	Laying of Roads and related works	Local Areas of Nalgonda Dist	5,40,525	5,40,525	5,40,525	Direct
<b>Total CSR Spend</b>				<b>23,11,448</b>	<b>23,11,448</b>	<b>23,11,448</b>	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Not applicable as the amount earmarked has been fully spent.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company:

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the company.

**S.Veera Reddy**  
Managing Director

**K.Thanu Pillai**  
Chairman, Corporate Social Responsibility Committee

Hyderabad, 29<sup>th</sup> July, 2015





#### Annexure 4

#### Form No.MGT-9

### Extract of Annual Return as on the financial year ended on March 31, 2015

[ Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies  
(Management and Administration) Rules, 2014 ]

#### I. Registration and other details

i.	CIN	:	L26942TG1981PLC002887
ii.	Registration Date	:	15.01.1981
iii.	Name of the Company	:	Sagar Cements Limited
iv.	Category / Sub-Category of the Company	:	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered Office and contact details	:	Plot No.111, Road No.10, Jubilee Hills Hyderabad-500 033 Tel : 91 40 23351571, Fax: 91 40 23356573 Email: soundar@sagarcements.in Website: www.sagarcements.in
vi.	Whether listed company	:	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare (P) Limited Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District Hyderabad -500032 Tel : 040-67162222, Fax : 040-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001 Website: karvycomputershare.com

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Manufacture of Cement	3242	100

#### III. Particulars of Holding, Subsidiary and Associate Companies

The company does not have any Holding, Subsidiary or Associate Companies.

## IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

## (i) Category-wise Shareholding

Category of Shareholder	Demat	No. of shares held at the beginning of the year			Demat	No. of shares at the end of the year			% of during the year
		Physical	Total	% of total shares		Physical	Total	% of total shares	
(A) Shareholding of Promoter and Promoter Group <sup>2</sup>									
1 Indian									
(a) Individuals/ Hindu Undivided Family	8690514	0	8690514	49.98	8694873	0	8694873	50.00	0.03
(b) Central Government/ State Government(s)									
(c) Bodies Corporate	344785	0	344785	1.98	1204785	0	1204785	6.93	4.95
(d) Financial Institutions/ Banks									
(e) Any Others(Specify)									
<b>Sub Total(A)(1)</b>	<b>9035299</b>	<b>0</b>	<b>9035299</b>	<b>51.96</b>	<b>9899658</b>	<b>0</b>	<b>9899658</b>	<b>56.93</b>	<b>4.97</b>
2 Foreign									
a Individuals (Non-Residents Individuals/ Foreign Individuals)									
b Bodies Corporate									
c Institutions									
d Qualified Foreign Investor									
e Any Others(Specify)									
<b>Sub Total(A)(2)</b>									
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>9035299</b>	<b>0</b>	<b>9035299</b>	<b>51.96</b>	<b>9899658</b>	<b>0</b>	<b>9899658</b>	<b>56.93</b>	<b>4.97</b>
(B) Public shareholding									
1 Institutions									
(a) Mutual Funds/ UTI	1300583	1600	1302183	7.49	1252285	1600	1253885	7.21	-0.28
(b) Financial Institutions / Banks	100	3950	4050	0.02	100	3950	4050	0.02	0.00
(c) Central Government/ State Government(s)									
(d) Venture Capital Funds									
(e) Insurance Companies									
(f) Foreign Institutional Investors					375000	0	375000	2.16	2.16
(g) Foreign Venture Capital Investors									





#### IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

##### (i) Category-wise Shareholding

Category of Shareholder	Demat	No. of shares held at the beginning of the year			Demat	No. of shares at the end of the year			% of during the year
		Physical	Total	% of total shares		Physical	Total	% of total shares	
(h) Qualified Foreign Investor									
(i) Any Other (specify)					300	0	300		0.00
<b>Sub-Total (B)(1)</b>	<b>1300683</b>	<b>5550</b>	<b>1306233</b>	<b>7.51</b>	<b>1627685</b>	<b>5550</b>	<b>1633235</b>	<b>9.39</b>	<b>1.88</b>
B 2 Non-institutions									
(a) Bodies Corporate	4506117	6076	4512193	25.95	4386745	6076	4392821	25.20	-0.75
(b) Individuals									
I i. Individual shareholders holding nominal share capital up to Rs 1 lakh	798521	520687	1319208	7.59	716055	506910	1222965	7.17	-0.42
II ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	166693	0	166693	0.96	170943	0	170943	0.97	0.01
(c) NRIs	14766	3772	18538	0.11	37481	3772	41253	0.20	0.09
(c-i) Foreign Corporate Body			1000000	5.75					-5.75
(c-ii) Hindu Undivided Families	27272	0	27272	0.16	26202	0	26202	0.14	-0.02
(c-iii) Clearing Members	2578	0	2578	0.01	937	0	937	0.00	-0.01
<b>Sub-Total (B)(2)</b>	<b>5515947</b>	<b>1530535</b>	<b>7046482</b>	<b>40.52</b>	<b>5338363</b>	<b>516758</b>	<b>5855121</b>	<b>33.68</b>	<b>-6.85</b>
<b>(B) Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>6816630</b>	<b>1536085</b>	<b>8352715</b>	<b>48.04</b>	<b>6966048</b>	<b>522308</b>	<b>7488356</b>	<b>43.07</b>	<b>-4.97</b>
<b>TOTAL (A) + (B)</b>	<b>15851929</b>	<b>1536085</b>	<b>17388014</b>	<b>100.00</b>	<b>16865706</b>	<b>522308</b>	<b>17388014</b>	<b>100.00</b>	<b>0.00</b>
(C) Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>15851929</b>	<b>1536085</b>	<b>17388014</b>	<b>100</b>	<b>16865706</b>	<b>522308</b>	<b>17388014</b>	<b>100.00</b>	<b>0.00</b>





(ii) Shareholding of promoters

Sl. No.	Shareholder's name	Shareholder's name at the beginning of the year (01-04-2014)			Shareholding at the end of the year (31-03-2015)			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encumbered	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered	
1	S VEERA REDDY	1643795	9.45	Nil	1643795	9.45	Nil	0.00
2	S ARUNA	1369545	7.88	Nil	1369545	7.88	Nil	0.00
3	S RACHANA	1162535	6.69	Nil	1164280	6.70	Nil	0.01
4	S ANAND REDDY	1144913	6.58	Nil	1149527	6.61	Nil	0.03
5	SREEKANTH REDDY SAMMIDI	1085757	6.24	Nil	1085757	6.24	Nil	0.00
6	S VANAJATHA	990769	5.70	Nil	990769	5.70	Nil	0.00
7	W MALATHI	755400	4.34	Nil	755400	4.34	Nil	0.00
8	N MADHAVI	533800	3.07	Nil	533800	3.07	Nil	0.00
9	P V NARSIMHA REDDY	4000	0.02	Nil	2000	0.01	Nil	-0.01
10	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION LTD	313285	1.80	Nil	313285	1.80	Nil	0.00
11	PANCHAVATI POLYFIBRES LTD	31500	0.18	Nil	31500	0.18	Nil	0.00
12	SAGAR PRIYA HOUSING & INDUSTRIAL ENTERPRISES LTD				860000	4.95	Nil	4.95
	<b>TOTAL</b>	<b>9035299</b>	<b>51.96</b>	<b>Nil</b>	<b>9899658</b>	<b>56.93</b>	<b>Nil</b>	<b>4.97</b>

(iii) Change in Promoters' Shareholding

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
	At the beginning of the year	9035299	51.96	9035299	51.96
	Acquired on 24-07-2014	860000	4.95	9895299	56.91
	Acquired *	6359	0.04	9901658	56.95
	Sold *	-2000	-0.01	9899658	56.94
	At the end of the year	9899658	56.94		

\* Shares of the Company are traded on a daily basis and hence the date wise increase or decrease in the shareholding is not furnished.



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs.

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2014 *		Cumulative Shareholding during the year 31-03-2015 **	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	AVH RESOURCES INDIA PRIVATE LTD	3225211	18.55	3225211	18.55
2	TWINVEST FINANCIAL SERVICES LTD	1142985	6.57	813327	4.68
3	PARFICIM S.A.S (A SUBSIDIARY OF VICAT S.A.)	1000000	5.75		
4	SBI EMERGING BUSINESSES FUND	789569	4.54	765862	4.40
5	SBI MAGNUM COMMA FUND	510914	2.94	486323	2.80
6	SAVYASACHI CONSTRUCTIONS PVT LTD	51427	0.30	51436	0.30
7	B KRISHNAIAH	33929	0.20	0	0.00
8	RAJAT RAJGARHIA	31807	0.18	40000	0.23
9	RAJEEV KHANDELWAL	29300	0.17	28550	0.16
10	R. INDIRA REDDY	25042	0.14		
11	KOTAK MAHINDRA (INTERNATIONAL) LTD			375000	2.16
12	AISHU PROJECTS LTD			34157	0.20
13	SOUHITI INFRAPROJECTS PVT LTD			140000	0.81

\* In the list of top 10 as on 1-4-2015;

\*\* In the list of top 10 as on 31-03-2015

Note: Shares of the Company are traded on a daily basis and hence the date wise increase or decrease in the shareholding is not furnished.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Date	Reason	Shareholding at the beginning of the year 01-04-2014 *		Shareholding at the end of the year 31-03-2015 **	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Directors</b>							
1	Shri O.Swaminatha Reddy	01/04/2014	At the beginning of the year	Nil			
		31/03/2015	At the end of the year	Nil			
2	Shri S.Veera Reddy	01/04/2014	At the beginning of the year	1643795	9.45	1643795	9.45
		31/03/2015	At the end of the year	1643795	9.45		
3	S Rachana	01/04/2014	At the beginning of the year	1162535	6.69	1162535	6.69
			Bought during the year	1745	0.01	1164280	6.70
		31/03/2015	At the end of the year	1164280	6.70		
4	S Anand Reddy	01/04/2014	At the beginning of the year	1144913	6.58	1144913	6.58
			Bought during the year	4614	0.03	1149527	6.61
		31/03/2015	At the end of the year	1149527	6.61		



5	Sreekanth Reddy Sammidi	01/04/2014	At the beginning of the year	1085757	6.24	1085757	6.24
		31/03/2015	At the end of the year	1085757	6.24		
6	Shri K.Thanu Pillai	01/04/2014	At the beginning of the year	Nil			
		31/03/2015	At the end of the year			Nil	
7	Shri V.H.Ramakrishnan	30/03/2015	Date of appointment	Nil			
		31/03/2015	At the end of the year			Nil	
8	Shri John-Eric Fernand Pascal Cesar Bertrand	01/04/2014	At the beginning of the year	Nil			
		31/03/2015	At the end of the year			Nil	
9	Shri Ben De Voecht, Alternative Director to Shri John-Eric Fernand Pascal Cesar Bertrand	01/04/2014	At the beginning of the year	Nil			
		31/03/2015	At the end of the year			Nil	
10	Shri K. Rajendra Prasad	01/04/2014	At the beginning of the year	Nil		Nil	
		31/03/2015	At the end of the year	Nil		Nil	
<b>Key Managerial Personnel</b>						Nil	
1	Shri R.Soundararajan, Co. Secretary	01/04/2014	At the beginning of the year	10			
		31/03/2015	At the end of the year			10	
2	Shri K. Prasad, Chief Financial Officer	01/04/2014	At the beginning of the year	Nil			
		31/03/2015	At the end of the year			Nil	

#### V. INDEBTEDNESS

Indebtedness of the company including interest outstanding / accrued but not due for payment

		Secured Loans excluding deposits <sup>1</sup>	Unsecured Loans <sup>2</sup>	Deposits <sup>3</sup>	Total Indebtedness
1	Indebtedness at the beginning of the year				
	i Principal Amount	1,309,579,616	181,289,697	296,968,640	1,787,837,952
	ii Interest due but not paid	-	-	-	-
	iii Interest accrued but not due	7,793,322	18,395,911	-	26,189,233
	<b>Total (i + ii + iii)</b>	<b>1,317,372,938</b>	<b>199,685,608</b>	<b>296,968,640</b>	<b>1,814,027,185</b>
	Change in the indebtedness during the financial year				
	Addition	451,279,238	80,000,000	21,189,540	552,468,778
	Reduction	238,450,841	261,289,697	-	499,740,538
	Net Change	212,828,397	(181,289,697)	21,189,540	52,728,240
	Indebtedness at the end of the financial year	1,522,408,013	-	318,158,179	1,840,566,192
	i Principal Amount	1,522,408,013	-	318,158,179	1,840,566,192
	ii Interest due but not paid	0	-	-	-
	iii Interest accrued but not due	4,122,465	-	-	4,122,465
	<b>Total (i + ii + iii)</b>	<b>1,526,530,478</b>	<b>-</b>	<b>318,158,179</b>	<b>1,844,688,657</b>

- Notes:**
1. These liability represents obligations under finance lease including current portion of obligations.
  2. These represent the bank overdraft (Rs.6350.68 lakhs) and other borrowings at March 31, 2015.
  3. These are deposits received on account of sub-lease of premises and from vendors for contracts to be executed.



## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri S.Veera Reddy (M.D)	Dr.S.Anand Reddy (J.M.D)	Shri S.Sreekanth Reddy (E.D)	
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	1,20,00,000	84,00,000	63,00,000	2,67,00,000
	(b) Value of perquisites u/s.17 (2) of Income-Tax Act, 1961				
	(c) Profits in lieu of salary under Section 17 (3) of Income-Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- Others, specify (arrears relating to previous year)	2,04,00,000	89,25,000	60,46,036	3,53,71,036
5	Total (A)	3,24,00,000	1,73,25,000	1,23,46,036	6,20,71,036
	Ceiling as per the Act (As minimum remuneration)	1,20,00,000	84,00,000	63,00,000	2,67,00,000

### B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of the Directors			Total Amount
		Shri O. Swaminatha Reddy	Shri K. Thanu Pillai	Shri G.Suneel Babu (IDBI Nominee)	
1	<b>Independent directors</b>				
	- Fee for attending board/committee meetings	340,000	360,000	80,000	780,000
	- Commission				
	- Others, please specify				
	<b>Total (1)</b>				
2	<b>Other Non-Executive Directors</b>	APIDC	Shri John Eric Fernand Pascal Cesar Bertrand	Ben De Voecht	Total Amount
	- Fee for attending board/committee meetings	220,000	40,000	20,000	280,000
	- Commission				
	- Others, please specify				
	<b>Total (2)</b>				
	<b>Total (B) = (1 + 2)</b>				
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				



### C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri R Soundararajan	Shri K.Prasad	
1	<b>Gross Salary</b>			
	a. Salary as per provisions contained in Section 17 (1) of the Income-Tax Act, 1961	20,33,009	23,34,129	43,67,138
	b. Value of perquisites u/s.17 (2) of Income-Tax Act, 1961			
	c. Profits in lieu of salary under Section 17 (3) of Income-Tax Act, 1961			
2	Stock Option			
3	Sweet Equity			
4	Commission			
	- As % of profit			
	- Others, specify			
5	Others, Allowances			
	<b>Total</b>	<b>20,33,009</b>	<b>23,34,129</b>	<b>43,67,138</b>

### VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2015.

#### Annexure - 5

Particulars of employees as required under Section 197 of the Companies Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of the Employee	Shri S.Veera Reddy	Dr.S.Anand Reddy	Shri S.Sreekanth Reddy
Designation	Managing Director	Joint Managing Director	Executive Director
Age	79 years	50 years	43 years
Remuneration received (Rs.)	1,20,00,000	84,00,000	63,00,000
Arrears received (Rs.)	2,04,00,000	89,25,000	60,46,036
Nature of employment	Contractual	Contractual	Contractual
Nature of duties	General Management	General Management	General Management
Qualification	Studied up to B.A.	M.B.B.S.	B.E. (I & P) P.G. Dip. in Cement Technology
Experience (Years)	55	24	19
Date of Commencement of Employment	13.07.1991	21.11.1992	26.6.2003
Last Employment held	Nil	Nil	Nil

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



## Annexure 6

### 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		01.04.2014 to 31.03.2015	01.04.2013 to 31.03.2014
A.	Power & Fuel Consumption		
	1. Electricity		
	Purchased Units	1298.51 lakhs	1223.55 lakhs
	Total Amount	8220.84 lakhs	8774.47 lakhs
	Rate / Unit (Rs.)	6.33	7.17
	Own Generation (Units)	0.84 lakhs	0.44 lakhs
	Unit / Ltr. Of Diesel Oil	0.29 units	0.19 units
	Rate / Unit (Rs.)	61.41	60.48
	2. Coal ( C & D Grade used as fuel in Kiln)		
	Quantity	246437 MT	230173 MT
	Total Cost (Rs.)	12794 lakhs	11054 lakhs
	Average Rate (Rs.)	5192.00	4802.29
B.	Consumption per unit of production		
	<b>Particulars</b>	<b>Standard</b>	<b>01.04.2014 to 31.03.2015</b>
	Products – OPC, PPC & SRC	-	<b>1551598</b>
	Electricity (in KWH)	140	<b>88.89</b>
	Coal (MT) (For Clinker)	0.28	<b>0.180</b>

### 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

##### Research and Development

Collaborates with National Council for Cement Building & Materials for Research and Development activities. Appointed CII for Plant Energy Audit.

##### Technology Absorption, Adaptation and Innovation

Secondary Crusher was commissioned in the month of November'14. Company is implementing Pre Grinder, Railway Siding and Modifications as per the CFD analysis. Pre-Grinder to be commissioned by July'15. Railway Siding will be commissioned by end of September'15.

##### Optimization of Plant Capacity

Company took up Plant optimization program in the financial year 2014 – 2015 to enhance the production capacity and reduce the Power and Fuel Consumption.

The following equipments were installed.

1. Installation of Secondary Limestone Crusher
2. VRPM as Pre-Grinder for Cement Mill No. 3
3. CFD Analysis for Complete Pre-heater including down comer duct and VRM Ducting.



### **Installation of Secondary Crusher**

The existing primary crusher output size was varying between 90 mm and 125 mm as against 100% below 90 mm for the VRM operation. Due to higher size of feed, the mill output was at an average of 408 TPH. After commissioning the Secondary Crusher, the feed size is reduced to 95% below 50 mm by which the mill output is increased to an average of 440 TPH.

### **VRPM as Pre-Grinder for Cement Mill no. 3**

In the present Cement Mill with OPC production, mill output was 125 TPH. With the installation of VRPM, the output has been enhanced to 220 TPH for OPC and 260 TPH for PPC. The expected power savings is minimum of 6 units per tone of cement. The equipments are under erection and likely to be commissioned by second week of July'2015.

### **Railway Line**

As the fuel cost is increasing day by day, transportation by road is becoming expensive in the present market condition. In view of this the company is implementing the Railway Siding to market the cement into longer distances such as Orissa, Assam, Bangalore and Kerala. This will improve the profitability.

As the Railway Siding is proposed from Mellachervu – Janpahad line, the lead line is proposed from Mattampally station to the cement loading point of the plant at Mattampally.

Transportation of Cement to longer distances by road is very expensive per ton of cement and marketing of higher quantity in the surrounding areas also becomes difficult. The company has taken a decision to go for Railway siding to benefit the cost saving in terms of transportation and also selling the cement in longer destinations with lower transportation cost per ton of cement and the project is likely to be commissioned by end of September'15.

### **CFD Analysis for Complete Pre-heater including down comer duct and VRM Ducting**

We have awarded the contract to Mechwell Engineering, Mumbai for CFD Analysis for complete pre-heater, down comer duct and raw mill ducting to analyzing the gas flows and its resistance across the pre-heater and ductings. The detailed analysis has revealed to carryout modifications in the ductings which has resulted lower pressure drop and reduced power consumption. After carrying out these modifications Line – 2 Pre-heater is producing around 5200 TPD.

### **Foreign Exchange Earnings and Outgo:**

Earnings : Rs.43500.00 lakhs

Outgo : Rs. 2704.61 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.

Shri G.Suneel Babu, a Nominee director of IDBI, ceased to be director with effect from 5<sup>th</sup> August, 2014 consequent upon the withdrawal of the said nomination by IDBI.

Following was the composition of the Board as on 31<sup>st</sup> March 2015:

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	Mrs.S.Rachana, Director (w.e.f. 18.03.2015) (Promoter Group)	Non-Executive
6	Shri K.Thanu Pillai	Independent & Non-Executive
7	Shri V.H.Ramakrishnan (w.e.f. 30.03.2015)	Independent & Non-Executive
8	Shri John-Eric Fernand Pascal Cesar Bertrand	Non-Executive
9	Shri K.Rajendra Prasad, (APIDC Nominee)	Non-Executive
10	Shri Ben De Voecht	Alternate Director to Shri John-Eric Fernand Pascal Cesar Bertrand

#### Meetings held:

Seven Board Meeting were held during the financial year 2014-15 and the gap between any two consecutive Board Meetings was not more than four months. These Meetings were held on the following dates: 13.05.2014, 15.07.2014, 13.08.2014, 24.09.2014, 17.10.2014, 22.01.2015 and 18.03.2015.

#### 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](http://www.sagarcements.in).



### Attendance of Directors and their other directorships:

Attendance of directors at the Board Meetings held during the financial year 2014-15 and at the last Annual General Meeting as also the number of their directorships and Committee Memberships as on 31<sup>st</sup> March 2015 are given below:

Sl No.	Name of the Director	No. of Board Meetings attended	Whether attended the last AGM	No of membership of the Boards of Public Limited Companies		No. of membership of Audit and the Shareholders Grievances Committees of Public Limited Companies	
				As Chairman	As Member	As Chairman	As Member
1	Shri O.Swaminatha Reddy	7	Yes	2	7	5	1
2	Shri S.Veera Reddy	3	No		5	1	
3	Dr.S.Anand Reddy	5	No		4		2
4	Shri S.Sreekanth Reddy	7	Yes	1	3		
5	Mrs.S.Rachana (w.e.f. 18.3.2015)	-	-		2		
6	Shri K.Thanu Pillai	7	Yes		9		1
7	Shri V.H.Ramakrishnan (w.e.f. 30.3.2015)	-	-		2		
8	Shri G.Suneel Babu (up to 5.8.2014)	0	-				1
9	Shri K.Rajendra Prasad	5	No		7	1	1
10	Shri John-Eric Fernand Pascal Cesar Bertrand	2	Yes		1		
11	Shri Ben De Voecht (From 22.01.2015 to 21.5.2015)	1	-				

Note: Only Public Limited Companies, their Audit Committees and Stakeholders' Relationship Committees have been considered for the above purpose.

### Shareholding of Non-Executive Directors:

As on 31<sup>st</sup> March 2015, excepting Mrs.S.Rachana, who was holding 11,64,280 equity shares, none of the other Non-Executive Directors was holding any shares or convertible instruments in the Company in his personal capacity.

### 3. Audit Committee:

#### Composition as on 31st March, 2015:

Name	Status in the Committee
Shri O.Swaminatha Reddy	Chairman
Shri K.Thanu Pillai	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 K.Rajendra Prasad, is the nominee director of APIDC. Company Secretary is the Secretary of the Committee. The composition of the Committee is in conformity with Clause 49 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 is as per Clause 49. 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 five times during 2014-15, held its meetings on 13.05.2014, 15.07.2014, 13.08.2014, 17.10.2014 and 22.01.2015 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 148 of the Companies Act, 2013 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	5
Shri K. Thanu Pillai	5
Shri K.Rajendra Prasad	4

#### 4. Nomination and Remuneration Committee:

Pursuant to Section 178 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement, the Board has constituted a Nomination and Remuneration Committee (earlier known as Remuneration Committee) with the terms of reference as mentioned in the said Section/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 2014-15, the Committee met on 13.8.2014 and 22.01.2015 to consider appointment of independent director, woman director, CFO and to recommend the payment of remuneration to Shri S.Veera Reddy, Managing Director for the period from 1<sup>st</sup> April, 2014 to 12<sup>th</sup> July, 2016.

#### Remuneration policy:

The Committee has adopted a Policy for Nomination and Remuneration, which is aimed at attracting, retaining, developing and motivating a high performance workforce and individual performance is assessed and rewarded through annual appraisal process. A gist of the said policy is given below. Company does not have any Employee Stock Option Scheme.

#### General Appointment Criteria:

- The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, Rules made hereunder, Listing Agreement or any other enactment for the time being in force.

#### Additional Criteria for Appointment of Independent Directors:

The Committee shall consider qualifications for Independent Directors as mentioned under the head 'Definitions' of the Policy and also their appointment shall be governed as per the provisions of Clause 49 of the Listing Agreement (as amended from time to time) and Companies Act, 2013.



#### Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas / fields as may be considered appropriate and relevant to the operations of the Company.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

#### Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration may also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

##### 1. Executive Directors/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission etc. to be paid to Executive Director/ Managing Director etc., shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

##### 2. Non executive Independent Directors

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

##### 3. KMPs / Senior Management Personnel

The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

#### 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 and Central Government, wherever required.

The whole-time directors were entitled to the following remuneration for the year 2014-15 and the same was paid as minimum remuneration due to inadequacy of profit for the said year.

Description	Shri S.Vee 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)	* 48,00,000	36,00,000	27,00,000
<b>Total</b>	<b>1,20,00,000</b>	<b>84,00,000</b>	<b>63,00,000</b>
Arrears relating to previous year	2,04,00,000	89,25,000	60,46,036
<b>Total</b>	<b>3,24,00,000</b>	<b>1,73,25,000</b>	<b>1,23,46,036</b>

#### \* Subject to approval of the shareholders

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.



### **Evaluation Policy**

The company has adopted Policy for Evaluating the performance of its management personnel, the gist of which is as under:

#### **Performance of Evaluation of Executive Directors**

The Executive Directors shall be evaluated on the basis of targets / criteria, if any, given to them by the board from time to time.

#### **Performance Evaluation of Non-Executive Directors**

1. How well prepared and well informed the non-executive directors are for board meetings.
2. Frequency of the attendance at the board meetings by the directors.
3. Willingness to spend time and effort for learning about the company and its business.
4. Quality and value of contribution at board meetings.
5. Interaction with other board members, senior management and other members.
6. Can they present their views convincingly, yet diplomatically?
7. Whether they listen to the views of others.

#### **Performance Evaluation of Independent Directors**

1. Ability to contribute to and monitor corporate governance practices
2. Active participation in long-term strategic planning
3. Commitment to the fulfillment of a director's obligation and fiduciary responsibilities

#### **Evaluation of Board and its Process**

1. The frequency of meetings
2. The length of meetings
3. The administration of meeting
4. The number of committee and their roles
5. The information to board members and between board members
6. The quality and quantity of information
7. The performance of individual director:
  - Personal relationship
  - The collective performance of the board / committee as a team
  - The individual performance and contribution

#### **Performance Evaluation of Chairman**

1. Leadership skill
2. Leadership and communication with board
3. Are board members allowed to raise views and concerns

#### **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 2014-15 are given below:

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1	Shri O.Swaminatha Reddy	340000
2	Shri K.Thanu Pillai	360000
3	Shri K.Rajendra Prasad (APIDC Nominee)	200000
4	Shri John-Eric Fernand Pascal Cesar Bertrand	40000
<b>Total</b>		<b>940000</b>

#### 5. Stakeholders' Relationship Committee:

The Stakeholders Relationship Committee of the Board (earlier known as Shareholders Grievance Committee), constituted in accordance with Clause 49 of the Listing Agreement, had the following directors as its members as on 31.3.2015:

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 26 complaints from the investors during the year 2014-15 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 31<sup>st</sup> March, 2015. 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 Committee was not felt during the year 2014-15.

#### 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:

The Investment Committee met thrice during 2014-15, i.e., on 15.07.2014, 13.08.2014 and 24.09.2014.

#### Corporate Social Responsibility Committee

Corporate Social Responsibility Committee as required under Section 135 of the Act, was constituted on 13<sup>th</sup> August, 2014.

Your company is committed to operate and grow its business in a socially responsible way, while reducing the environmental impact of its operations and increasing its positive social impact. It aims to achieve growth in a responsible way by encouraging people to take small every day actions that will impact a big difference. This SCL CSR Policy is guided by the following principles:

1. To conduct its operations with integrity and responsibility keeping in view the interest of all its stakeholders.
2. It believes that growth and environment should go in hand and hand.
3. It looks formal collaboration with different stakeholders including Governments, NGOs, IGOs, Suppliers, Farmers and Distributors to tackle the challenges faced by the society

During the year, one meeting of the CSR Committee was held on 22<sup>nd</sup> January, 2015.



The composition of the CSR Committee and details of the meeting attended by its members are given below:

Name	Category	Number of meetings during the financial year 2014-15	
		Held	Attended
Shri K.Thanu Pillai	Independent, Non-Executive	1	1
Dr.S.Anand Reddy	Non-independent, Executive	1	1
Shri S.Sreekanth Reddy	Non-independent, Executive	1	1

#### 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
33 <sup>rd</sup> AGM	24 <sup>th</sup> September, 2014	4.00. p.m.	Hotel Golkonda, Masab Tank, Hyderabad - 500028
32 <sup>nd</sup> AGM	25 <sup>th</sup> September, 2013	4.00 p.m.	
31 <sup>st</sup> AGM	20 <sup>th</sup> September, 2012	4.00 p.m.	

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

At the 32<sup>nd</sup> AGM, Special Resolutions for modification in the remuneration to Shri S.Veera Reddy, Managing Director, Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director and for re-appointment of Dr.S.Anand Reddy, Joint Managing Director and Shri S.Sreekanth Reddy, Executive Director, were passed.

No Special Resolutions were passed at the 33<sup>rd</sup> and 31<sup>st</sup> Annual General Meetings.

**Details of Special Resolutions passed through Postal Ballot:**

Four Special Resolutions were passed with the requisite majority through Postal Ballot during the financial year 2014-15, the details of which are as under:

- Resolution under Section 180 (1) seeking the approval of the shareholders for the sale of investment held in Vicat Sagar Cement Pvt.Ltd., and resolution under Section 188 (1) of the Companies Act, 2013 for execution of documents in connection with the above stake sale.
- Resolution under Section 180 (1) (c) of the Companies Act, 2013 seeking the approval of the shareholders for borrowing amounts beyond the limits mentioned in the said section and up to the sum mentioned in the resolution.
- Resolution under Section 180 (1) (a) of the Companies Act, 2013 seeking the approval of the shareholders for mortgaging / charging the properties of the company for securing the present and future borrowings within the limits as may be approved by the shareholders u/s. 188 (1) (c) from time to time.
- Resolution under Section 186 of the Companies Act, 2013 seeking the approval of the shareholders for making investments, giving guarantees granting loans or providing security up to the sum mentioned in the resolution.

#### 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 2.33 of the Notes to Financial Statements of the Annual Accounts for the year ended 31<sup>st</sup> March 2015. These transactions were entered into in the ordinary course of business and at arms length. There were no materially significant transactions with Directors, their relatives or the Senior Management that may have potential conflict with the interests of the Company at large. The Register of Contracts containing transactions, in which Directors are deemed to be interested, is placed before each meeting of the Board. All related party transactions had prior approval or omni bus approval of 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 all the mandatory requirements of Clause 49 of the Listing Agreement.
- (b) The audited financial statements of the Company are unqualified.
- (c) The Internal Auditor make presentations to the Audit Committee on their reports.
- (d) The Company has adopted the 'Whistle Blower Policy' and no personnel has been denied access to the audit committee.
- (e) **Reconciliation of Share Capital Audit:**

A qualified practicing Company Secretary carries out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depositories Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialized shares held in demat form with above depositories.

### 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 2014-15 were published are given below:

Quarter ended	Date of Publication	Name of the news papers carrying the publication
30 <sup>th</sup> June, 2014	14.08.2014	Financial Express and Andhra Prabha
30 <sup>th</sup> September, 2014	18.10.2014	"
31 <sup>st</sup> December, 2014	23.01.2015	"
31 <sup>st</sup> March, 2015	22.05.2015	"

#### Website where displayed:

The Financial Results and Shareholding pattern of the Company as submitted to the stock exchanges are also available on the Company's website 'www.sagarcements.in' and 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 2014-15. 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 along with the transcription of conference call held with the analysts / investors following the declaration of financial results.

#### Management Discussion and Analysis Report:

The Annual Report of the Company contains the Management Discussion and Analysis as part of the Directors' Report.





## 11. General Shareholder information:

### a. Annual General Meeting:

Date & Time : 4.00 p.m. on Wednesday, the 23rd September, 2015  
 Venue : Hotel Golkonda, Masab Tank, Hyderabad - 500 028.

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

### c. Book Closure Dates : From 17.09.2015 to 23.09.2015 (both days inclusive)

### d. Dividend payment date :

The company has already paid an interim dividend @ 50% i.e., Rs.5.00 per equity shares of Rs.10/- each for the year 2014-15. The Board has since recommended a further dividend @ 25% i.e., Rs.2.50 per share as final dividend, subject to its declaration by the members at the Annual General Meeting and the same will be paid to the eligible shareholders within 30 days of its declaration.

### e. Dividend Policy

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, funds requirements, liquidity position.

### f. 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.

### g. Stock and ISIN Codes for the Company's shares:

ISIN Code and Scrip 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

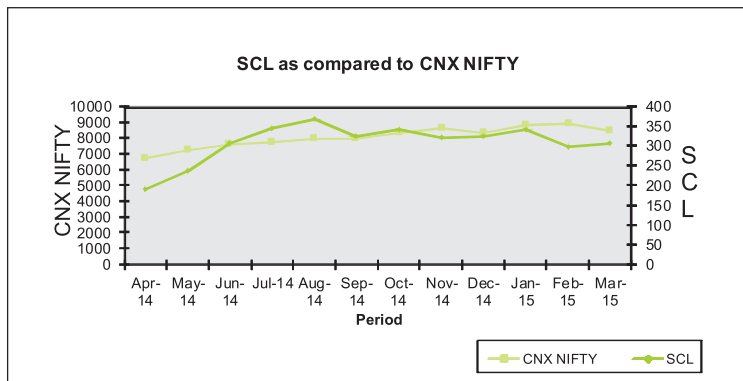
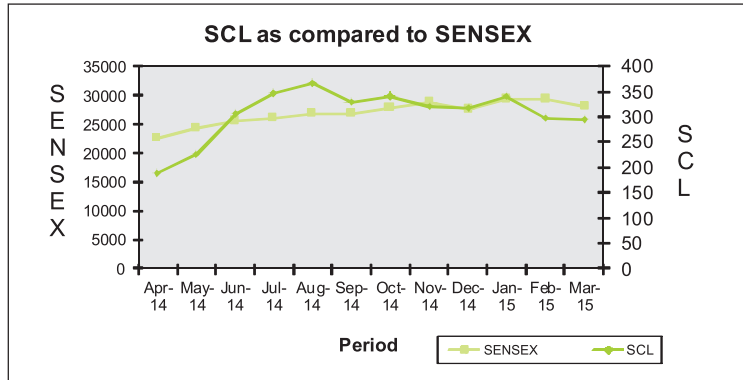
### h. Market price details:

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:

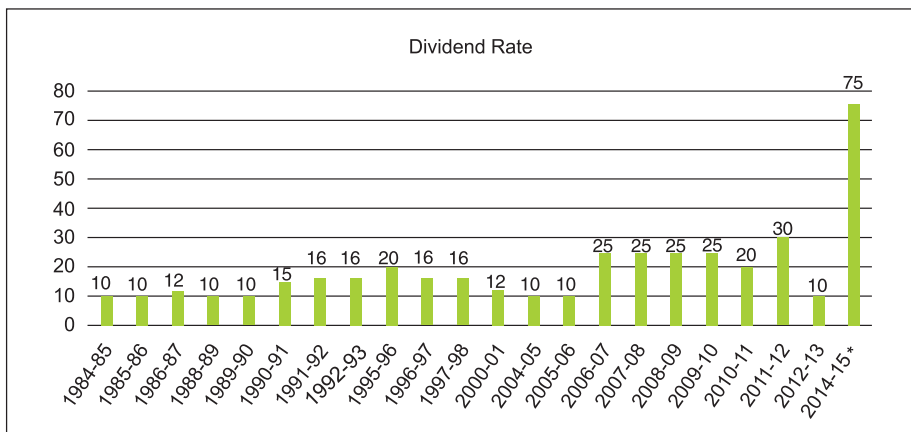
Month	BSE			NSE		
	High	Low	Closing	High	Low	Closing
April 2014	202.00	155.00	188.15	204.00	150.00	190.00
May 2014	227.80	176.10	225.75	236.00	180.00	235.25
June 2014	334.20	226.00	306.15	328.70	223.00	306.60
July 2014	373.00	301.00	345.00	374.00	292.00	345.50
August 2014	365.40	321.75	365.40	369.30	310.10	368.60
September 2014	396.95	310.00	329.25	412.95	300.10	324.80
October 2014	386.90	325.00	340.00	374.00	314.00	340.55
November 2014	348.00	275.55	320.05	354.95	301.00	321.10
December 2014	364.95	282.60	316.00	372.00	303.50	324.75
January 2015	347.90	310.00	340.00	346.00	310.00	342.60
February 2015	349.00	291.30	297.00	360.60	286.50	296.70
March 2015	369.00	275.00	295.50	368.00	265.00	307.65



Sagar Cements Shares' Price movements during the year 2014-15 as compared with SENSEX and NIFTY are depicted below:



#### Dividend History



\* subject to approval of the shareholders



**i. Registrar and Share Transfer Agents:**

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Hyderabad -500032  
Phone:040-67162222 Fax:040-23001153  
e-mail: einward.ris@karvy.com  
Toll Free No: 1800-3454-001  
Website: karvycomputershare.com

**j. Share Transfer System:**

More than 97% of the equity shares of the Company are held in electronic form. Transfer of these shares is affected 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, whose address has been given above.

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 their subsequent meetings.

**k. Shareholdings particulars as on 31st March 2015**

**(i) Distribution of shareholdings:**

**Distribution of shareholding as on 31-03-2015**

Shareholding range	Shares	%	Holders	%
50 and less	39049	0.22	1554	0.22
51 to 100	432819	2.49	4387	2.49
101 to 200	116872	0.67	632	0.67
201 to 300	60557	0.35	215	0.35
301 to 500	134261	0.77	297	0.77
501 to 1000	163743	0.94	199	0.94
1001 to 5000	281176	1.62	132	1.62
5001 to 10000	119365	0.69	17	0.69
10001 to 20000	132548	0.76	9	0.76
20001 to 50000	184307	1.56	6	1.06
50001 to 100000	51436	0.30	1	0.30
More than 100000	15671881	89.63	16	90.13
<b>Total</b>	<b>17388014</b>	<b>100.00</b>	<b>7465</b>	<b>100.00</b>



(ii) **Shareholding pattern:**

**Shareholding pattern as on 31st March 2015**

Category	Holders	Shares	Held in Demat form	%
Promoter Group	12	9899658	9899658	56.93
Mutual Funds	7	1253885	1252285	7.21
FIs and Banks	5	4050	100	0.02
FIIIs	1	375000	375000	2.16
Domestic Corporates	154	4392821	4386745	25.26
Public - Individuals holding more than 10000 shares	8	170943	170943	0.98
Public - Individuals holding 10000 and less shares	7163	1222965	716055	7.03
NRIs	34	41253	37481	0.24
HUFs	64	26202	26202	0.15
Trusts	1	300	300	0.00
Clearing Members	16	937	937	0.01
<b>Total</b>	<b>7465</b>	<b>17388014</b>	<b>16865706</b>	<b>100.00</b>

(iii) **Evolution of Share Capital:**

Date of allotment	Mode of issue	No. of shares	Issue Price per share	Distinctive Nos.	
				From	To
23-1-1981	Subscribed in the Memorandum of Association	5100	Rs.10/-	1	5100
28th June 1984	Private Placement (Pre-public issue)	844900	Rs.10/-	5101	850000
4th September 1984	As above	140000	Rs.10/-	850001	990000
24th November 1984	As above	330000	Rs.10/-	990001	1320000
24th November 1984	Through Public Issue	1530000	Rs.10/-	1320001	2850000
19th December 1990	400 shares were allotted to the shareholders of erstwhile Sagar Laticrete Systems Ltd., as per the Scheme of Amalgamation of the said Company with Sagar Cements	400	Rs.10/-	2850001	2850400
1st March 1993	The Company had issued FCDs, which were to be converted automatically into 53,01,900 equity shares on 1st March 1993.	5301900	Rs.20/-	2850401	8152300
9th July 2001	Company allotted these shares on a preferential basis	3000000	Rs.10/-	8152301	11152300
9th March 2007	Shares allotted against conversion of 550000 warrants earlier allotted to the promoter group on a preferential basis	550000	Rs.82/-	11152301	11702300
15th March 2007	Shares allotted to India Fund Inc., U.S.A., an FII on a preferential basis	1000000	Rs.180/-	11702301	12702300
30th July 2007	Shares allotted against conversion of 367432 warrants earlier allotted to the promoter group on a preferential basis	367432	Rs.82/-	12702301	13069732
25th October 2007	Allotted against conversion of 267568 warrants - to Amareswari Cements Ltd.	267568	Rs.82/-	13069733	13337300
10th April 2008	Allotted to the promoter Group against conversion of 665000 warrants	665000	Rs.82/-	13337301	14002300
6th August 2008	Allotted to M/s.Parficom S.A.S., France - A preferential allotment made at a premium of Rs.690/- per share	1000000	Rs.700/-	14002301	15002300
20th May 2011	Extinguishment of 900000 equity shares held by Amareswari Cements Limited in SCL, pursuant to the Scheme of merger of the ACL with Sagar Cements	-267568 -267568 -364864		11434733 13069733 13637437	11702300 13337300 14002300
12th July 2011	Allotment of shares to the ACL Shareholders under the Scheme of its merger with SCL	3285714	Rs.10/-	15002301	18288014
	<b>Total</b>	<b>17388014</b>			



**l. Dematerialization of Shares and liquidity:**

Trading in the shares of the Company needs 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 97% of the share capital were kept in dematerialized form as on 31<sup>st</sup> March, 2015 as detailed below:

In physical form		In Demat Form				Total	
Shares	%	With NSDL		With CDSL		Shares	%
522308	3.00	16381547	94.22	484159	2.78	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 REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the company's website.

I confirm that the company has in respect of the year ended March 31, 2015, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Vice President and above cadre and the Company Secretary as on March 31, 2015.

Hyderabad  
21st May 2015

**S.Veera Reddy**  
Managing Director

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## 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 31<sup>st</sup> March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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. However, there was a delay of 147 days in filling the vacancy in the Independent Director, which, we have been informed, was due to company's efforts in identifying a suitable person for the purpose not fructifying in time.

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.004055S

Hyderabad  
21st May 2015

**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 M/s. Sagar Cements Limited, Hyderabad the ("Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

#### 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 31<sup>st</sup> March, 2015;



- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) order, 2015, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) Based on the Written Representation received from the directors as on 31<sup>st</sup> March 2015, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer clause No.vii(b) of CARO,2015 and note no.2.30 to the financial statements;

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

Place: Hyderabad  
Date: 21st May, 2015

**K.RANGANATHAN**  
Partner  
Membership No. 010842





**Annexure referred to in paragraph 1 of Section Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report of even date of Sagar Cements Limited, Hyderabad on the financial statements for the year ended March 31, 2015**

- i. In respect of fixed assets
  - (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) As explained to us, all the fixed assets have been physically verified by the Management during the year. No material discrepancies were noticed on such verification.
- ii. In respect of its inventories:
  - (a) As explained to us, the inventories excepting in case of goods in transit, were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion, procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of records of the inventory, in our opinion, the Company is maintaining proper records of inventory. No material discrepancies were noted on such verification.
- iii. In respect of loans:

As informed 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 189 of the Companies Act.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods & services.
- v. The company has not accepted any deposits, and hence clause (v) of Companies (Auditor's Report) Order, 2015 is not applicable.
- vi. We have broadly reviewed the books of account maintained by company pursuant to rules prescribed by the Central Government of India for maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of products of the company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii.
  - a) According to the information and explanations given to us and the records as produced and examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including Income tax, Service tax, Customs Duty and other material statutory dues during the year by the company with the appropriate authorities. As explained to us, the company did not have any dues on account of Employee's State Insurance, Sales tax, Excise duty, Wealth tax and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Service tax, Customs duty and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the period they became payable.
  - b) According to the information and explanations given to us, there are no dues of Income-tax, Service tax and Customs duty which have not been deposited with the appropriate authorities on account of any dispute. As informed to us, the company did not have any dues on account of Wealth tax and Excise duty. However, the company has contingent liabilities pending before various appellate authorities. Please refer to note no. 2.30 to the financial statement.



- viii. The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to its bankers and financial institutions.
- x. According to the information and explanations given to us the company has not given any guarantee for loans taken by others or banks or financial institutions. Thus paragraph 3 (x) of the order does not apply to the company for the year.
- xi. In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- xii. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of audit.

**For P.SRINIVASAN & Co.,**  
Chartered Accountants  
Firm's Registration No.0040555

Place: Hyderabad  
Date: 21st May, 2015

**K.RANGANATHAN**  
Partner  
Membership No. 010842

## BALANCE SHEET



### SAGAR CEMENTS LIMITED

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

#### Balance Sheet as at 31st March 2015

Particulars	Notes	31 March 2015	31 March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	1738.80	1738.80
Reserves and Surplus	2.2	50394.47	22347.75
<b>Sub-Total : Shareholders' Funds</b>		<b>52133.28</b>	<b>24086.55</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	2.3	12112.93	11135.41
Deferred Tax Liabilities	2.4	4754.11	3224.18
Other Long Term Liabilities	2.5	3319.14	4931.93
Long Term Provisions	2.6	2608.70	1861.81
<b>Sub-Total : Non - Current Liabilities</b>		<b>22794.88</b>	<b>21153.34</b>
<b>Current Liabilities</b>			
Short Term Borrowings	2.7	6350.68	6644.23
Trade Payables	2.8	5130.90	4613.26
Other Current Liabilities	2.9	9125.97	10059.79
Short Term Provisions	2.10	1607.27	177.34
<b>Sub-Total : Current Liabilities</b>		<b>22214.82</b>	<b>21494.62</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>97142.98</b>	<b>66734.51</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets - Gross	2.11	55480.35	53459.91
Accumulated Depreciation		22140.74	19948.86
Tangible Assets		33339.61	33511.05
Capital Work-in-Progress		11219.34	4007.28
Non-Current Investments	2.12	2.65	8602.65
Long Term Loans and Advances	2.13	4585.24	4598.67
<b>Sub-Total : Non - Current Assets</b>		<b>49146.84</b>	<b>50719.66</b>
<b>Current Assets</b>			
Inventories	2.14	6230.84	4177.53
Trade receivables	2.15	5805.78	4848.41
Cash and Cash Equivalents	2.16	19578.40	457.03
Short Term Loans and Advances	2.17	14849.47	2628.95
Other Current Assets	2.18	1531.65	3902.93
<b>Sub-Total : Current Assets</b>		<b>47996.14</b>	<b>16014.85</b>
<b>TOTAL ASSETS</b>		<b>97142.98</b>	<b>66734.51</b>

Summary of Significant Accounting Policies

1 & 2

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  
21st May 2015

**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**  
Chief Financial Officer

**R.Soundararajan**  
Company Secretary



## STATEMENT OF PROFIT AND LOSS

### 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 2015

Particulars	Notes	31 March 2015	31 March 2014
<b>REVENUE</b>			
Revenue from Operations (gross)	2.19	<b>66265.80</b>	56109.56
Less : Excise Duty		<b>8708.33</b>	7215.73
Revenue from Operations (Net)		<b>57557.47</b>	48893.83
Other Income	2.20	<b>36626.48</b>	1781.62
<b>Total Revenue</b>		<b>94183.95</b>	<b>50675.46</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.21	<b>6778.56</b>	5228.12
Change in Inventories of Finished goods and Work-in-Progress	2.22	<b>-1045.95</b>	127.28
Manufacturing expenses	2.23	<b>26316.86</b>	25272.58
Employee Benefit expenses	2.24	<b>3344.63</b>	2531.27
Other expenses	2.25	<b>16501.16</b>	15603.26
Finance Costs	2.26	<b>2308.23</b>	2954.74
Depreciation	2.11	<b>2150.47</b>	2693.40
<b>Total Expenses</b>		<b>56353.96</b>	<b>54410.65</b>
<b>Profit/(Loss) before Tax</b>		<b>37829.98</b>	<b>-3735.20</b>
Tax Expense:			
Current Tax		<b>7929.30</b>	0.00
Tax related to earlier Years		<b>0.00</b>	-57.07
Deferred Tax Charge/(Credit)		<b>1556.69</b>	1234.16
MAT Credit Entitlement (Credit)		<b>1344.29</b>	0.00
<b>Total of Tax Expenses</b>		<b>8141.70</b>	<b>1177.09</b>
Expenditure towards Corporate Social Responsibility		<b>23.11</b>	0.00
<b>Profit for the period from continuing operations</b>		<b>29665.17</b>	<b>-2558.11</b>
Profit/(Loss) from discontinuing operations		0.00	0.00
Tax expenses from discontinuing operations		0.00	0.00
Profit/(Loss) from discontinuing operations (After Tax)		0.00	0.00
<b>Profit for the period</b>		<b>29665.17</b>	<b>-2558.11</b>
Basic Earnings per share of Rs 10 each		170.61	-14.71
Diluted Earnings per share of Rs.10 each		170.61	-14.71
The accompanying notes are an integral part of the Financial Statements			

For and on behalf of

**P.Srinivasan & Co.,**  
Chartered Accountants (F.R.No.004055S)

**K.Ranganathan**  
Partner  
M.No. 010842  
Hyderabad  
21st May 2015

**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**  
Chief Financial Officer

**R.Soundararajan**  
Company Secretary

## CASH FLOW STATEMENT



### SAGAR CEMENTS LIMITED

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

#### Cash Flow Statement for the year ended 31.03.2015

Particulars	31.03.2015	31.03.2014
<b>A Cash flow from Operating Activities</b>		
Profit before Tax	37829.98	-3735.20
<b>Adjustments for</b>		
Depreciation	2150.47	2693.40
Interest & Finance charges	2308.23	2954.74
Profit on sale of Investments	-34900.00	0.00
Dividends received	-0.26	-0.52
Profit on sale of Assets	-13.74	-116.03
Loss on Sale of Assets	0.09	3.36
5534.95		
<b>Cash Generated from Operations</b>	<b>7374.78</b>	<b>1799.75</b>
Less: Expenses		
Interest and Finance charges	2280.38	2965.84
CSR Expenses	23.11	0.00
Proposed dividend	523.20	0.00
Income Tax paid	-37.45	64.97
3030.81		
<b>Operating Profit before Working Capital Changes</b>	<b>4585.55</b>	<b>-1231.06</b>
Movement of Working Capital		
Increase/ (Decrease) in Trade Payables	517.63	-1814.71
Increase/ (Decrease) in Long Term Provisions	746.89	1254.88
Increase/ (Decrease) in Short Term Provisions	355.27	72.44
Increase/ (Decrease) in Other Current Liabilities	-1851.41	2704.67
Increase/ (Decrease) in Other Long Term Liabilities	200.11	550.43
Decrease/(Increase) in Trade Receivables	-957.36	481.14
Decrease/(Increase) in Inventories	-2053.31	2344.55
Decrease/(Increase) in Short Term Borrowings	-293.54	-214.77
Decrease/(Increase) in Short Term Loans & Advances	-920.56	741.44
Decrease/(Increase) in Other Current Assets	2371.28	-140.99
<b>Net Movement of Working Capital</b>	<b>-1885.01</b>	<b>5979.09</b>
<b>Net Cash Generated from Operations</b>	<b>2700.53</b>	<b>4748.03</b>
<b>B Cash Flow from Investing Activities</b>		
Dividend Received	0.26	0.52
Purchase of Fixed Assets & Long Term Loans, Advances	-9269.99	-5836.29
Advance for acquisition of asset	-10000.00	0.00
Sale of Investments (Net of Tax)	36652.24	0.00
Sale of Fixed Assets	27.26	126.29
<b>Net cash used in Investing Activities</b>	<b>17409.77</b>	<b>-5709.48</b>
<b>C Cash flow from Financing Activities</b>		
Receipt of Hire Purchase Loans	0.00	634.45
Receipt of Term Loan	4512.79	2985.51
Receipt/ (Payment) of Unsecured Loan	-1812.90	855.00
Interim Dividend & Dividend Tax Paid FY 2014-15	-1043.28	-173.88
Repayment of Term Loans & Hire Purchase Loans	-2645.54	-5342.67



Particulars	31.03.2015	31.03.2014
<b>Net cash used in Financing Activities</b>	<b>-988.93</b>	<b>-1041.60</b>
Net increase in Cash and Cash Equivalent	19121.37	-2003.05
Cash and Cash equivalent at the beginning of the year	457.03	2460.08
Cash & Cash equivalent at the end of the year (Refer Note No.2.16)	19578.40	457.03

For and on behalf of

For and on behalf of the Board

**P.Srinivasan & Co.,**  
Chartered Accountants (F.R.No.004055S)

**S.Veera Reddy**  
Managing Director

**Dr.S.Anand Reddy**  
Joint Managing Director

**K.Ranganathan**  
Partner  
M.No. 010842  
Hyderabad  
21st May 2015

**S.Sreekanth Reddy**  
Executive Director

**K.Prasad**  
Chief Financial Officer

**R.Soundararajan**  
Company Secretary

## SIGNIFICANT ACCOUNTING POLICIES



### SAGAR CEMENTS LIMITED

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

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### a) Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013. Accounting policies have been consistently applied and management evaluates all recently issued or revised accounting standards on an ongoing basis.

##### b) Use of Estimates

The preparation of financial statements in conformity with the Indian GAAP requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reporting amounts of revenue and expenses during the reporting period and the disclosures relating to contingent liabilities as on the date of financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known or materialize.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

##### c) 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 Fixed Assets have been charged based on the useful life, in accordance with Schedule II of the Companies Act, 2013.

Scrap @ 5% of original cost has been considered. 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.

##### d) Expenditure during construction period

Expenditure during construction period is grouped under "Capital Work In Progress" and the same is allocated to the respective Fixed Assets on the completion of its construction.

##### e) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, impairment provision is created to bring down the carrying value to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment provision created earlier is reversed to bring it at the recoverable amount subject to a maximum of depreciated historical cost.

##### f) 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.



Internal consumption of the company's products, which are otherwise marketable, is accounted for at transfer price and is included under sales.

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. Insurance Claims are being recognized on receipt basis.

**g) Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction and exchange differences arising from foreign currency transactions are recognized in the profit and loss account but capitalized where they relate to fixed assets. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Exchange difference, resulting from the difference due to exchange fluctuations of foreign currency assets and liabilities, is disclosed as foreign currency exchange adjustment.

**h) 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.

**i) 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.

**j) 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.

#### **k) 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.

#### **l) 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.

#### **m) 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.

#### **n) Borrowing costs**

Borrowing costs attributable to the qualifying fixed assets during construction, renovation and modernization are capitalized. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing cost consists of interest and other financial costs incurred in connection with borrowing of funds.

#### **o) 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.



## NOTES TO FINANCIAL STATEMENTS

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

### 2. Notes to Financial Statements for the year ended 31 March 2015

#### 2.1 SHARE CAPITAL

Particulars	31 March 2015	31 March 2014
<b>Authorized</b>		
20,000,000 (31st March 2014: 20,000,000) Equity shares of Rs. 10 each	<b>2000.00</b>	2000.00
2,000,000 (31st March 2014 : 2,000,000) Preference shares of Rs.10 each	<b>200.00</b>	200.00
<b>Total</b>	<b>2200.00</b>	<b>2200.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>		
17,388,014 (31 March 2014: 17,388,014) Equity shares of Rs.10 each	1738.80	1738.80
<b>Total</b>	<b>1738.80</b>	<b>1738.80</b>

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

Equity shares	31 March 2015		31 March 2014	
	No. of shares	Rs. Lakhs	No. of shares	Rs. Lakhs
At the beginning of the period	<b>17,338,014</b>	<b>1738.80</b>	17,338,014	1738.80
No. of shares issued during the year	<b>0</b>	<b>0</b>	0	0
Outstanding at the end of the period	<b>17,388,014</b>	<b>1738.80</b>	17,388,014	1738.80

- 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.
- For the year ended 31 March 2015, the amount of per share dividend including interim recognized as distribution to equity shareholders is Rs.7.50 paise (31 March 2014: Rs.Nil) per share.
- 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 2015		31 March 2014	
	No. of Shares	% of holding	No. of Shares	% of holding
S.Veera Reddy	<b>1643795</b>	<b>9.45</b>	1643795	9.45
S.Aruna	<b>1369545</b>	<b>7.88</b>	1369545	7.88
S.Rachana	<b>1164280</b>	<b>6.70</b>	1162535	6.69
S.Anand Reddy	<b>1149527</b>	<b>6.61</b>	1144913	6.58
S.Sreekanth Reddy	<b>1085757</b>	<b>6.24</b>	1085757	6.24
S.Vanajatha	<b>990769</b>	<b>5.70</b>	990769	5.70
AVH Resources India Pvt. Ltd.	<b>3225211</b>	<b>18.55</b>	3225211	18.55
Twinvest Financial Services Limited	-	-	1142985	6.57
Parficim S.A.S.(A subsidiary of Vicat S.A.)	<b>0</b>	<b>0.00</b>	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 2015	31 March 2014
<b>Balance as per the last Financial Statement</b>	<b>34.99</b>	34.99
Add: Additions created during the year	<b>0.00</b>	0.00
Less: Deductions during the year	<b>0.00</b>	0.00
Capital Reserve	<b>34.99</b>	34.99
<b>Securities Premium Reserve</b>	<b>10503.06</b>	10503.06
<b>General Reserve</b>		
Balance as per the last Financial Statement	<b>3598.40</b>	3598.40
Add: Amount transferred from surplus	<b>0.00</b>	0.00
Closing balance	<b>3598.40</b>	3598.40
<b>Profit &amp; Loss Account</b>		
Balance as per the last Financial Statement	<b>8211.30</b>	10769.40
Add: Profit & Loss Account	<b>29665.17</b>	-2558.11
<b>Less: Dividend</b>	<b>1304.10</b>	0.00
<b>Less: Tax on Dividend</b>	<b>262.37</b>	0.00
Less: Transfer to general reserve	0.00	0.00
Less: Additional Dep On account of adjustment as per Companies Act 2013	<b>51.97</b>	0.00
Total Appropriations	<b>1618.44</b>	0.00
<b>Closing balance</b>	<b>36258.03</b>	<b>8211.30</b>
<b>Total</b>	<b>50394.47</b>	<b>22347.75</b>

## 2.3 LONG-TERM BORROWINGS

Particulars	31 March 2015	31 March 2014
<b>Secured</b>		
<b>Term Loans from Financial Institutions - Indian Rupees</b>		
Andhra Pradesh State Financial Corporation Ltd	<b>0.00</b>	81.84
<b>Term Loans from Banks - Indian Rupees</b>		
State Bank of Hyderabad	<b>0.00</b>	1175.00
State Bank of Hyderabad (B.E)-New Loan FY 2013-14	<b>3581.70</b>	1485.51
State Bank of India	<b>1688.00</b>	2050.00
<b>Term Loans from NBFC</b>		
L & T Finance Ltd.	<b>0.00</b>	650.94
L&T Infrastructure Finance company Ltd	<b>6010.00</b>	4500.00
<b>Total</b>	<b>11279.70</b>	<b>9943.28</b>
<b>Other Loans &amp; Advances</b>		
<b>Deferred Payment Liabilities (Unsecured)</b>		
Sales Tax Deferment	<b>407.92</b>	497.71
Vehicle Loans from Banks (Secured)	<b>425.31</b>	694.42
<b>Total</b>	<b>425.31</b>	<b>694.42</b>
<b>Total of Secured &amp; Unsecured</b>	<b>12112.93</b>	<b>11135.41</b>



Details of Term loans from Financial Institutions	Loan Amount	Loan Disbursed	Installments start	No of monthly Installments	Installment paid up to Mar, 2015
State Bank of Hyderabad (Refer Note No. 1)	4500.00	Nov., 2010	<b>Dec, 2010</b>	<b>60</b>	52
Andhra Pradesh State Financial Corporation Ltd., (Refer Note No.2)	<b>500.00</b>	Nov.,2010	<b>May, 2011</b>	<b>55</b>	46
State Bank of Hyderabad-(Refer Note No. 3)	<b>4000.00</b>	FY 2013-14	<b>June, 2015</b>	<b>96</b>	0
L&T Finance (Refer Note No. 4)	<b>2000.00</b>	Nov.,2012	<b>June, 2013</b>	<b>31</b>	22
L&T Infra. Finance Co. Ltd., sanctioned Rs.98 Crores and received Rs.65 Crores (Refer Note No.5)	<b>6500.00</b>	Feb.,2013	<b>Aug., 2015</b>	<b>27 Quarterly Installments</b>	0
State Bank of India (Refer Note No.6)	<b>2500.00</b>	FY 2012-13	<b>Sep., 2013</b>	<b>60</b>	18

1. Term Loan of Rs. 4500 lakhs in Indian Rupees was taken from State Bank of Hyderabad during the year 2010-11 and is repayable in 60 monthly installments from December, 2010. As of 31.03.2015, out of 60 installments, 52 installments have been paid and balance 8 installments to be paid every month at Rs.150 lakhs for first 7 Installments and Rs.125 lakhs for next 1 installment. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.2015 is 14.50% (31.03.2014: 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.
2. Term Loan of Rs.500 lakhs 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 lakhs each per month. As of 31.03.2015, out of 55 installments, 46 installments have been paid and balance installments to be paid 9. The interest was fixed at 3% below Bench Mark Prime Lending rate of interest. Present rate of interest as on 31.03.2015 is 13% (31.03.2014 : 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.
3. State bank of Hyderabad has sanctioned Term Loan for an amount of Rs.4000 lakhs towards Balancing Equipments during the financial year 2013-14, and drawn an amount of Rs.3998.30 lakhs up to 31.03.2015. The loan principal amount is repayable in 96 monthly 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 31.03.15 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 .
4. Term Loan of Rs 2000 lakhs in Indian Rupees was taken from L&T Finance Ltd during the year 2012-13 and is repayable in 31 monthly installments from June, 2013. As of 31.03.2015 out of 31 installments 22 installments were paid and 9 installments are to be paid. The interest was fixed at 4.25% above Basic Rate of interest. Present rate of interest as on 31.03.15 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.
5. L&T Infrastructure Finance Company Ltd., is sanctioned Term Loan for Railways siding Project an amount of Rs.9800 lakhs during the financial year 2012-13, and drawn an amount of Rs 6500 lakhs up to 31.03.2015. The loan Principal amount repayable in 24 structured quarterly installments from August, 2015 onwards. The loan was sanctioned with interest at 250 bps below Bench Mark Prime Lending rate and is payable at monthly rests. Present rate of interest as on 31.03.15 is 13.25%. The term loan is secured by first 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.



6. 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 31.03.2015 out of 60 installments 18 installments were paid and balance 42 installments are to be paid, 25 lakhs for 1st 10 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 31.03.15 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.

7. Sales Tax Deferred amount:

The repayment schedule is as under:

	(Rs. in Lakhs)
FY 2016-17	<b>218.57</b>
FY 2017-18	<b>189.35</b>
<b>Total</b>	<b>407.92</b>

8. Vehicle Loans from various Banks / Financial Institutions are secured by the Hypothecation of Specific assets purchased from those loans.

#### 2.4 DEFERRED TAX LIABILITY

Particulars	31 March 2015	31 March 2014
<b>Deferred Tax Liabilities</b>	<b>4754.11</b>	<b>3224.18</b>
Timing Difference Liability	14136.24	14046.12
Timing Difference Asset	70.73	4108.74
Net Liability	14065.51	9937.37
Deferred Tax Liability provision required	4780.86	3224.18
Less: Adjustment for additional depreciation	26.75	0.00
<b>Net Deferred Tax Liability</b>	<b>4754.11</b>	<b>3224.18</b>
Provided up to 31.03.2014	3224.18	4458.34
<b>Balance to be provided</b>	<b>1556.69</b>	<b>(1234.16)</b>

#### 2.5 OTHER LONG TERM LIABILITIES

Particulars	31 March 2015	31 March 2014
Security Deposit from Dealers	3319.14	3119.04
Unsecured Loans	0.00	1812.90
<b>Total</b>	<b>3319.14</b>	<b>4931.94</b>

#### 2.6 LONG TERM PROVISIONS

Particulars	31 March 2015	31 March 2014
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	237.49	167.74
Provision for Fuel Surcharge Adjustment	2371.21	1694.08
<b>Total</b>	<b>2608.70</b>	<b>1861.81</b>



## 2.7 SHORT TERM BORROWINGS

Particulars	31 March 2015	31 March 2014
<b>Loans payable on demand (Secured)</b>		
1. Cash Credit Loans from Banks (Secured)		
State Bank of Hyderabad	2569.15	2869.12
State Bank of India	2754.47	2797.71
IDBI Bank Ltd	979.04	801.42
<b>Total</b>	<b>6302.67</b>	<b>6468.25</b>
2. Bills Discounting	48.02	175.97
<b>Total Short Term Borrowings</b>	<b>6350.68</b>	<b>6644.23</b>

Cash credit Loans from Banks is secured against Stocks of Raw Materials, Finished Goods and Trade Receivables, Stores & spares, present and future, and by second charges 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 2015	31 March 2014
Trade payables	4440.61	3546.23
Capital Creditors	690.29	1067.03
<b>Trade payables</b>	<b>5130.90</b>	<b>4613.26</b>

Out of the said amount Rs.36.46 lakhs (Previous Year : Rs.12.25 lakhs) pertains to micro, small and medium enterprises as defined 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, 2015.

## 2.9 OTHER CURRENT LIABILITIES

Particulars	31 March 2015	31 March 2014
<b>1. Current Maturities of Long Term Borrowings</b>		
Andhra Pradesh State Financial Corporation Ltd	81.84	109.20
State Bank of Hyderabad	1175.00	1200.00
State Bank of Hyderabad	416.60	0.00
L & T Finance	650.94	775.31
L&T Infrastructure Finance Company Ltd	490.00	0.00
State Bank of India	362.00	300.00
Total of Term Loans	3176.38	2384.51
Hire Purchase Loans	342.69	331.72
Sales Tax Deferred Amount	89.79	2.90
<b>Total of Current Maturities on Long Term Borrowings</b>	<b>3608.86</b>	<b>2719.13</b>
<b>2. Other Liabilities</b>		
Advances from Customers Cement & Others	1351.21	1526.30
Transport & Other Expenses	2372.62	3214.87
Value added Tax & CST Payable	829.38	1231.74
Service Tax Payable	0.00	0.00
Excise duty Payable	70.28	554.18
TDS Payable	106.19	51.64
Employee related payables P.F., ESI & Others	17.13	15.72
Unclaimed dividends	53.99	43.43
Interest Accrued but not Due	105.79	77.93
<b>Others</b>	<b>610.52</b>	<b>624.85</b>
<b>Total Other Liabilities</b>	<b>5517.11</b>	<b>7340.67</b>



## 2.10 SHORT TERM PROVISIONS

Particulars	31 March 2015	31 March 2014
Provision for Income Tax	986.17	0.00
Provision for Dividend	434.70	0.00
Provision for Dividend tax	88.49	0.00
Provision for Employee Bonus & Ex-gratia	97.24	177.23
Others	0.67	0.11
<b>Total</b>	<b>1607.27</b>	<b>177.34</b>

## NON CURRENT ASSETS

### 2.11 FIXED ASSETS (TANGIBLE)

Particulars	31 March 2015	31 March 2014
Fixed Assets (Tangible)	55480.35	53459.91
Less: Accumulated Depreciation	22140.74	19948.86
<b>Net Fixed Assets</b>	<b>33339.61</b>	<b>33511.05</b>

## 2.11 FIXED ASSETS (TANGIBLE)

(Rs. in Lakhs)

Particulars	Land	Buildings	Plant and Machinery	Plant and Machinery [DG Sets]	Electrical Installations	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Other Equipment	Total
<b>Cost Or Valuation</b>											
At 1st April 2013	2414.88	9921.72	29872.88	279.67	3925.62	429.85	432.92	420.46	736.54	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	2160.84
Disposals	3.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46.90	0.00	50.02
<b>At 31st March, 2014</b>	<b>2517.22</b>	<b>10064.93</b>	<b>31353.71</b>	<b>279.67</b>	<b>3925.62</b>	<b>683.46</b>	<b>545.40</b>	<b>428.59</b>	<b>706.92</b>	<b>2954.38</b>	<b>53459.91</b>
Additions	1299.70	144.95	502.67	0.00	0.00	4.38	2.24	12.50	95.58	9.34	2071.37
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>50.92</b>	0.00	50.92
<b>At 31st March, 2015</b>	<b>3816.93</b>	<b>10209.88</b>	<b>31856.38</b>	<b>279.67</b>	<b>3925.62</b>	<b>687.85</b>	<b>547.64</b>	<b>441.09</b>	<b>751.57</b>	<b>2963.72</b>	<b>55480.35</b>
<b>Depreciation</b>											
At 1st April 2013	0.00	2240.31	9676.31	223.92	2143.92	139.12	107.05	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	2693.39
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.40	0.00	36.40
At 31st March, 2014	0.00	<b>2659.51</b>	<b>11211.69</b>	<b>238.54</b>	<b>2384.62</b>	<b>225.26</b>	<b>162.99</b>	<b>360.38</b>	<b>469.84</b>	<b>2236.03</b>	<b>19948.85</b>
Charge for the Year 2014-15	0.00	511.76	<b>987.69</b>	<b>2.68</b>	<b>156.38</b>	<b>128.84</b>	<b>185.91</b>	<b>32.07</b>	<b>82.13</b>	<b>63.03</b>	2150.48
Additional Dep. on account of Adj as per Companies Act, 2013	0.00	0.00	0.00	0.00	<b>47.68</b>	<b>0.30</b>	<b>21.17</b>	<b>9.24</b>	<b>0.33</b>	0.00	78.73
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>37.31</b>	0.00	37.31
<b>As 31st March, 2015</b>	<b>0.00</b>	<b>3171.27</b>	<b>12199.38</b>	<b>241.22</b>	<b>2588.68</b>	<b>354.40</b>	<b>370.08</b>	<b>401.69</b>	<b>514.99</b>	<b>2299.05</b>	<b>22140.74</b>
<b>At 31st March, 2014</b>	<b>2517.22</b>	<b>7405.42</b>	<b>20142.03</b>	<b>41.13</b>	<b>1541.00</b>	<b>458.20</b>	<b>382.41</b>	<b>68.21</b>	<b>237.08</b>	<b>718.35</b>	<b>33511.05</b>
<b>As 31st March, 2015</b>	<b>3816.93</b>	<b>7038.62</b>	<b>19657.00</b>	<b>38.45</b>	<b>1336.95</b>	<b>333.45</b>	<b>177.56</b>	<b>39.40</b>	<b>236.59</b>	<b>664.67</b>	<b>33339.61</b>







## 2.12 NON CURRENT INVESTMENTS

Particulars	31 March 2015	31 March 2014
<b>Non Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in equity instruments (Unquoted) - Associate Company</b>		
(Nil) Equity Shares of Rs.10 each in Vicat Sagar Cement Private Ltd., (March 31, 2014: 65,236,399 Equity Shares )	0	8600.00
26,000 Equity Shares of Rs.10 each in Panchavati Polyfibres Ltd., (March 31, 2014: 26,000 Equity Shares)	2.60	2.60
<b>Investment in equity instruments (Unquoted) - Others</b>		
500 Equity Shares of Rs.10 each in PCL Financial Services Ltd., (March 31, 2014: 500 Equity Shares )	0.05	0.05
<b>Total</b>	<b>2.65</b>	<b>8602.65</b>

## 2.13 LONG-TERM LOANS & ADVANCES

Particulars	31 March 2015	31 March 2014
Unsecured considered good		
<b>(a) Capital Advances</b>		
Advances to Capital goods	842.42	1302.68
<b>Total of Capital Advances</b>	<b>842.42</b>	<b>1302.68</b>
<b>(b) Security Deposits</b>		
Securities Considered Good		
Deposits with APSEB	1119.28	1119.28
<b>Total of Security Deposits</b>	<b>1119.28</b>	<b>1119.28</b>
<b>(c) Other Loans &amp; Advances</b>		
Rental Deposit	40.50	40.50
Deposit with South Central Railways and Suppliers	50.00	50.00
<b>Total of Loans &amp; Advances</b>	<b>90.50</b>	<b>90.50</b>
<b>Deposits in disputed cases</b>		
Fuel surcharge Adjustment paid under protest	2136.79	1694.08
Advance to Central Excise	195.00	195.00
Deposits with APSEB	108.02	108.02
APGST PAID Under protest	78.68	78.68
CENVAT Paid under protest	7.95	3.84
Deposits with Road Transport Authority	6.59	6.59
Total Advance Paid under Protest	2533.04	2086.22
<b>Total</b>	<b>4585.24</b>	<b>4598.67</b>

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

Particulars	31 March 2015	31 March 2014
Raw Materials	165.65	207.69
Work in Progress	1705.42	568.20
Finished goods	586.13	662.51
Stores	1700.25	1916.42
Packing Materials	139.71	166.02
Coal	840.17	425.05
<b>Goods in Transit</b>		
Coal	1078.96	227.39
Raw Materials	0.67	4.14
Packing Materials	13.46	0.00
Fly Ash	0.41	0.12
<b>Total</b>	<b>6230.84</b>	<b>4177.53</b>



## 2.15 TRADE RECEIVABLES

Particulars	31 March 2015	31 March 2014
<b>Debtors outstanding for a period exceeding six months</b>		
Secured, considered good	97.54	78.58
Unsecured, considered good	551.29	433.90
<b>Net</b>	<b>648.83</b>	512.48
<b>Debtors outstanding for a period less than six months</b>		
Secured, considered good	1310.47	1954.32
Unsecured, considered good	3846.48	2381.61
	5156.94	4335.93
<b>Total</b>	<b>5805.78</b>	<b>4848.41</b>

## 2.16 CASH & CASH EQUIVALENTS

Particulars	31 March 2015	31 March 2014
Cash in Hand	8.64	23.05
Cash at Banks	21.18	36.96
Inventory Gold Coins at cost	0.00	2.32
On Dividend accounts	53.99	43.43
<b>Deposits with Banks</b>		
Maturity more than 3 months and up to 12 months	19073.69	13.88
Margin Money deposits	204.90	187.40
Maturity more than 12 months	216.00	150.00
<b>Total</b>	<b>19578.40</b>	<b>457.03</b>

## 2.17 SHORT TERM LOANS AND ADVANCES

Particulars	31 March 2015	31 March 2014
Advances to Suppliers	1355.54	472.60
Advances to Others *	10130.12	251.18
Deposits with Suppliers	398.13	365.65
Balances with Income tax Authorities	2660.55	1360.59
Balances with Excise Authorities	305.12	178.93
<b>Total</b>	<b>14849.47</b>	<b>2628.95</b>

\* Other Loans & Advances includes an amount of Rs.2,500 Lakhs paid towards advance against acquisition of 100% shareholding in BMM Cements Ltd., and Rs.7,500 lakhs towards ICD to BMM Cements Ltd.

## 2.18 OTHER CURRENT ASSETS

Particulars	31 March 2015	31 March 2014
Incentives Receivable from A.P Govt.	1017.54	3415.75
Other Current Assets	278.60	251.67
Excise duty Refund Receivable	235.51	235.51
<b>Total</b>	<b>1531.65</b>	<b>3902.93</b>



## 2.19 REVENUE FROM OPERATIONS

Particulars	31 March 2015	31 March 2014
Sale of Products includes Taxes on sale	<b>73738.81</b>	63071.16
Less: Taxes On Sale	<b>7473.02</b>	6961.60
<b>Sale of Products</b>	<b>66265.80</b>	<b>56109.56</b>

## 2.20 OTHER INCOME

Particulars	31 March 2015	31 March 2014
Interest received	<b>1382.22</b>	114.59
Dividend Income	<b>0.26</b>	0.52
Net gain on sale of Investments	<b>34900.00</b>	0.00
Net gain on sale of Assets	<b>13.74</b>	116.03
Insurance Claims	<b>15.79</b>	7.11
Incentives from A.P Govt	<b>302.93</b>	1499.52
Sale of scrap & Others etc.,	<b>11.54</b>	40.13
Other Income	<b>0.00</b>	3.72
<b>Total</b>	<b>36626.48</b>	<b>1781.62</b>

## 2.21 COST OF MATERIAL CONSUMED

Particulars	31 March 2015	31 March 2014
Raw materials inventory at the Beginning of the year	<b>207.69</b>	392.66
Add: Purchases	<b>6723.04</b>	5043.16
<b>Total</b>	<b>6930.74</b>	<b>5435.82</b>
Less: Inventory at the end of the year	<b>152.18</b>	207.69
Consumption of raw materials	<b>6778.56</b>	5228.12
<b>Details of Raw materials consumed</b>		
Limestone	<b>2775.46</b>	2248.66
Laterite	<b>720.91</b>	536.70
Iron-ore Sludge	<b>1028.11</b>	781.66
Mill scale/GCP Dust	<b>0.00</b>	4.04
Gypsum	<b>1053.63</b>	837.74
Fly Ash	<b>1200.44</b>	819.31
<b>Total</b>	<b>6778.56</b>	<b>5228.12</b>
<b>Details of Inventory</b>		
Laterite	<b>13.87</b>	93.56
Iron-ore sludge	<b>82.87</b>	31.03
Mill scale	<b>0.00</b>	0.00
Gypsum	<b>53.80</b>	78.79
Fly Ash	<b>1.65</b>	4.32
Others	<b>0.00</b>	0.00
<b>Total</b>	<b>152.18</b>	<b>207.69</b>
<b>Raw materials consumed</b>	<b>6778.56</b>	<b>5228.12</b>



## 2.22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	31 March 2015	31 March 2014
Closing stock of Work in Progress	1705.42	568.20
Closing stock of Finished goods	586.13	662.51
<b>Total</b>	<b>2291.55</b>	<b>1230.70</b>
Opening stock of Work in Progress	568.20	705.06
Opening stock of Finished goods	662.51	649.21
<b>Total</b>	<b>1230.70</b>	<b>1354.27</b>
(Increase)/Decrease in stocks	-1060.85	123.57
Adjustment of Excise duty On stocks	14.90	3.71
Net (Increase)/Decrease in stocks	-1045.95	127.28

## 2.23 OTHER MANUFACTURING EXPENSES

Particulars	31 March 2015	31 March 2014
Coal consumed	12802.56	11054.17
Power	8220.84	8774.47
Packing Material	2961.97	2787.12
Stores & spares consumed	1311.76	1631.10
Rep & Maintenance - Plant & Machinery	863.12	886.51
Rep & Maintenance - Buildings	18.67	45.08
Rep & Maintenance - Vehicles	15.22	16.44
Rep & Maintenance - Others	55.69	24.64
Colony Maintenance	31.48	31.43
Vehicle Maintenance	35.56	21.62
<b>Total</b>	<b>26316.86</b>	<b>25272.58</b>

## 2.24 EMPLOYEE BENEFIT EXPENSES

Particulars	31 March 2015	31 March 2014
Salaries, Wages, Bonus & Allowances	2909.42	2197.58
Contribution to Provident Fund & Other Funds	140.20	125.37
Staff Welfare Expenses	295.00	208.32
<b>Total</b>	<b>3344.63</b>	<b>2531.27</b>

## 2.25 OTHER EXPENSES

Particulars	31 March 2015	31 March 2014
Transportation Expenses	10856.90	10585.56
Selling expenses	4552.80	4071.94
Security services	66.98	66.21
Administrative expenses	216.31	225.96
Legal, Consultancy & Professional expenses	175.52	124.68
Payments to auditors (refer details below)	9.72	9.85
Insurance	102.73	124.78
Travelling and Conveyance	155.68	122.81
Rent	173.44	165.14
Rates, taxes & Licenses	56.40	45.51
Donations	27.67	23.61
Foreign Exchange Fluctuations	84.16	7.53
Miscellaneous Expenses	22.84	29.70
<b>Total</b>	<b>16501.16</b>	<b>15603.26</b>



PAYMENT TO AUDITORS		31 March 2015	31 March 2014
Internal Audit Fees		2.40	2.40
Internal Audit Expenses		0.20	0.43
Audit Fees		5.00	5.00
Reimbursement of Audit Expenses		0.12	0.00
Cost Audit Fees		2.00	2.00
Reimbursement of Cost Audit Expenses		0.00	0.03
<b>Total Payment to Auditors</b>		<b>9.72</b>	<b>9.85</b>

#### 2.26 FINANCE COST

Particulars	31 March 2015	31 March 2014
<b>Interest</b>		
On Term Loans	1923.84	1793.24
On Working capital Loans	883.47	917.81
<b>Sub-Total : Interest</b>	<b>2807.32</b>	<b>2711.05</b>
<b>Interest Capitalized</b>	<b>1171.87</b>	<b>609.98</b>
<b>Net Finance Cost</b>	<b>1635.45</b>	<b>2101.07</b>
Bank Charges & Others	672.79	853.67
<b>Total</b>	<b>2308.23</b>	<b>2954.74</b>

#### 2.27 EARNINGS PER SHARE

Particulars	31 March 2015	31 March 2014
1. Net Profit / (Loss) for the period	29665.17	-2558.11
<b>Shares</b>		
Number of shares at the beginning of the period	17388014	17388014
Number of shares at the end of the period	17388014	17388014
2. <b>Earnings per share Rs.</b>		
Basic	170.61	-14.71
Diluted	170.61	-14.71

#### 2.28 DEPRECIATION

Depreciation on Fixed Assets has been provided with effect from April 01, 2014 adopting the useful life of the fixed assets in alignment with Schedule II to the Companies Act, 2013.

Adjustment to the tune of Rs.51.97 lakhs, net of deferred taxes have been made to opening balance of retained earnings as on April 01, 2014, after retaining the residual value @ 5%, wherever the remaining useful life of an asset was nil as on April 01, 2014.

#### 2.29 OPERATING LEASE

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms.

#### 2.30 CONTINGENT LIABILITIES

Based on legal opinion/advice obtained, no financial implication to the company with respect to the following cases is perceived as on the Balance Sheet date.



Particulars	31 March 2015		31 March 2014	
	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)	43.04	0.00	0.00	0.00
Demand Raised by Central Excise Department (Refer Note No. 9)	146.30	0.00	146.30	0.00
Demand Raised by Central Excise Department (Refer Note No.10)	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. 11)	6.29	0.00	6.29	0.00
Disallowed input tax credit on steel during the year 2007-08. (Refer Note No. 12)	144.25	18.03	144.25	18.03
Disallowed input tax credit on steel during the year 2008-09. (Refer Note No. 13)	75.68	9.46	75.68	9.46
Demand raised by Commissioner of Customs Visakhapatnam, relating to coal classification. (Refer Note No. 14)	67.92	0.00	67.92	0.00
Demand raised by Commissioner of Customs Guntur, relating to coal classification. (Refer Note No. 15)	54.75	0.00	54.75	0.00
Disallowance of Expenditure U/s 14A (Refer Note No. 16)	37.60	0.00	37.60	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 Commissioner of Central Excise Hyderabad has issued a Show Cause Notice OR No.60/2013 Hyd III dated 06-05-13 for an amount of Rs.33.04 lakhs and penalty of Rs. 10 lakhs 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.
  - 9 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.
  - 10 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.
  - 11 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.
  - 12 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.
  - 13 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.
  - 14 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.
  - 15 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).
  - 16 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.
  - 17 Bank Guarantees Pending as on 31.03.15 Rs.153.29 lakhs (Previous year Rs. 418.50 lakhs).
- 2.31 APTRANSCO has raised a demand of Rs.23.71 crores, on account of Fuel Surcharge Adjustment (FSA) relating to earlier years. Out of which, the company has paid an amount of Rs.21.37 crores up to 31.3.2015. The company has filed Writ Petition with High Court of Andhra Pradesh. The matter is still pending before the High Court as on 31.03.2015.



2.32 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 2015		31 March 2014	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Defined benefit obligation at the beginning of the year	462.27	95.29	381.87	72.91
Current service cost	62.97	35.87	53.88	22.38
Interest cost	42.30	8.72	31.31	5.98
Actuarial (gain) / loss	(3.18)	62.26	5.42	61.58
Benefits paid	(6.67)	(70.98)	(10.21)	(67.56)
Defined benefit obligation at the year end	557.68	131.16	462.27	95.29

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

Description	31 March 2015		31 March 2014	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets at the beginning of the year	294.53	-	280.64	-
Expected return on plan assets	26.32	-	24.10	-
Actuarial gain / (loss)	-	-	-	-
Employer contribution	6.01	-	0.00	-
Benefits paid	(6.67)	-	(10.21)	-
Fair value of plan asset at the year end	320.20	-	294.53	-

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

Description	31 March 2015		31 March 2014	
	Gratuity	Leave encashment (Un-funded)	Gratuity	Leave encashment (Un-funded)
Fair value of plan assets as at 31 <sup>st</sup> March	320.20	0	294.53	0
Present value of obligations as at 31 <sup>st</sup> March	557.68	131.16	462.27	95.29
Amount recognized in the Balance sheet	(237.48)	(131.16)	(167.74)	(95.29)

d) **Expenses recognized during the year**

Description	31 March 2015		31 March 2014	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	62.97	35.86	53.88	22.38
Interest cost	42.30	8.72	31.31	5.98
Expected return on plan assets	(26.32)	0	(24.10)	0
Actuarial (gain) / loss	(3.18)	62.26	5.41	61.58
Net cost	75.76	106.85	66.50	89.94

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

**Actuarial assumptions**

- Mortality table (LIC) 2006-08 (ultimate)
- Discounting rate – 7.80 %
- Expected rate of return on plan asset – 9.25%
- Expected average remaining working lives of employees–16 Years
- Rate of escalation in salary – 5 %





2.33 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	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
2	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, 2015** (Rs. in Lakhs)

Nature of Transaction	Key Management Personnel	Enterprise where key managerial personnel along with their relatives exercise significant influence	Balance as on 31.03.2015
Purchase of power from Sagar Power Ltd.		200.45	585.71(Dr)
<b>Remuneration to Directors:</b>			
1. Sri S.Veera Reddy, Managing Director	324.00		
2. Dr.S.Anand Reddy, Joint Managing Director	173.25		
3. Sri S.Sreekanth Reddy, Executive Director	123.46		
<b>Rent Payments:</b>			
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.		3213.42	148.36(Cr)
Dividend received from Panchavati Polyfibres Limited.		0.26	0
Loan taken from RV Consulting Services Pvt. Ltd.		105.00	1.77(Dr)
Interest on loan paid to RV Consulting Services Pvt. Ltd.		95.46	0
Consultancy charges paid to RV Consulting Services Pvt.Ltd.		393.26	1.39(Dr)
Consultancy charges paid to Sagarsoft (India) Ltd.		13.48	4.04 (Cr)

**2.34 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED**

Particulars	31 March 2015	31 March 2015	31 March 2014	31 March 2014
Raw Materials	% of Total Consumption	Value of Consumption	% of Total Consumption	Value of Consumption
<b>Imported</b>	<b>2.98</b>	<b>119.45</b>	0	0
Indigenous	97.02	6659.10	100	5228
<b>Total</b>	<b>100.00</b>	<b>6778.55</b>	<b>100</b>	<b>5228</b>
<b>Spare Parts</b>				
Imported	0.87	11.36	5.54	89.84
Indigenous	99.13	1299.97	94.46	1532.58
<b>Total</b>	<b>100.00</b>	<b>1311.33</b>	<b>100.00</b>	<b>1622.42</b>



### 2.35 CAPITAL COMMITMENTS

Particulars	31 March 2015	31 March 2014
Estimated amount of Contracts remaining to be executed on capital account	728.87	3071.94

### 2.36 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2015	31 March 2014
Components, Spare parts, Capital Items and Others	28.12	64.52
<b>Total</b>	<b>28.12</b>	<b>64.52</b>

### 2.37 EXPENDITURE IN FOREIGN CURRENCY

Particulars	31 March 2015	31 March 2014
Imported Materials	2703.69	214.40
Travelling	0.92	6.03
<b>Total</b>	<b>2704.61</b>	<b>220.43</b>

### 2.38 Dividend Remittance in Foreign Currency

Particulars	31 March 2015	31 March 2014
Number of shares on which dividends were remitted	200	1,000,000
Amount Remitted (Rs. in Lakhs)	0.01	10.00
Period to which dividend payment relates	<b>Interim dividend 2014-15</b>	Year ended March 31, 2013

**2.39 Corporate Social Responsibility (CSR) activities:** The Company has spent an amount of Rs.23.11 lakhs towards Corporate Social Responsibility (CSR) activities based on the recommendations of CSR Committee constituted by the Board. All these activities have been covered under Schedule VII to the Companies Act, 2013.

**2.40** In the opinion of the Board, current assets and loans and advances are realizable at a value, which is at least equal to the amount, at which these are stated, in the ordinary course of business. Independent confirmation of balances of sundry debtors, sundry creditors, loans and advances and other parties are in progress as on the date of this report.

**2.41.** The Finance Minister of Government of India had announced in the budget for the year 2010-2011, imposition of clean energy cess as a duty of excise on coal, lignite and peat. This came into force with effect from 1.7.2010.

As advised by the legal experts the company took Cenvat credit pertaining to clean energy cess on coal for an amount of Rs.5,18,83,449-00 from July 2010 to March 2015. The Department of Central Excise issued a letter and asked to reverse the amount on the ground that the clean energy cess is not specified tax for input Cenvat credit, thus the credit availed on cess is irregular. Based on departments letter the amount of Rs. 5, 18, 83,449-00 was reversed, but UNDER PROTEST. The matter is pending before the Department. Credit will be taken again once the issue is settled in favour of the company.

**2.42** Based on the provisions of "The Mines and Minerals (Development and Regulation) Amendment Act,2015" which is applicable from 12<sup>th</sup> January, 2015 the holder of mining lease granted before the date of commencement of the aforesaid Act, shall in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount not exceeding the royalty paid in terms of the second Schedule in such manner and subject to the categorization of the mining leases and the amount payable by the various categories of lease holders, as may be prescribed by the Central Government.

As on the date of Balance Sheet constitution of District Mineral Foundation is pending and modalities pertaining to implementation of the aforesaid provisions are still to be notified by the State Government hence the same have not been given effect to in the financial statements for the current year.



**2.43** Figures for the previous year have been regrouped, recast and rearranged to confirm to those of the current year wherever necessary.

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For and on behalf of

**P.Srinivasan & Co.,**  
Chartered Accountants (F.R.No.004055S)

**K.Ranganathan**  
Partner  
M.No. 010842

Hyderabad  
21st May 2015

**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**  
Chief Financial Officer

**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**

**34th ANNUAL GENERAL MEETING ON WEDNESDAY, THE 23rd SEPTEMBER, 2015 AT 4.00 P.M.  
at Hotel Golkonda, Masab Tank, Hyderabad-500 028**

Folio No.	DP ID No.	Client ID No.
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I/We hereby record my/our present at the Thirty Fourth Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 4.00 p.m. on Wednesday, the 23rd September, 2015.

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 Fourth Annual General Meeting of the Company to be held on **Wednesday, the 23rd September, 2015 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:



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Sl. No.	Description of Resolution
1	Adoption of audited Statement of Profit and Loss, Balance Sheet, Reports of Board of Directors and Auditors thereon for the year ended 31 <sup>st</sup> March, 2015
2	Confirmation of interim dividend already paid and declaration of final dividend on the equity shares of the company for the year ended 31.3.2015.
3	Appointment of Shri S.Sreekanth Reddy, who retires by rotation and is eligible for re-appointment as Director
4	Appointment of Auditors as detailed in the Notice of the AGM
5	Appointment of Shri V.H.Ramakrishnan as an independent director
6	Appointment of Mrs.S.Rachana as director liable to retire by rotation
7	Modification in the terms of payment of remuneration to Shri S.Veera Reddy, Managing Director
8	Approval of Cost Auditors Remuneration
9	Approval for alterations in the Memorandum of Association
10	Approval for alteration in the Articles of Association

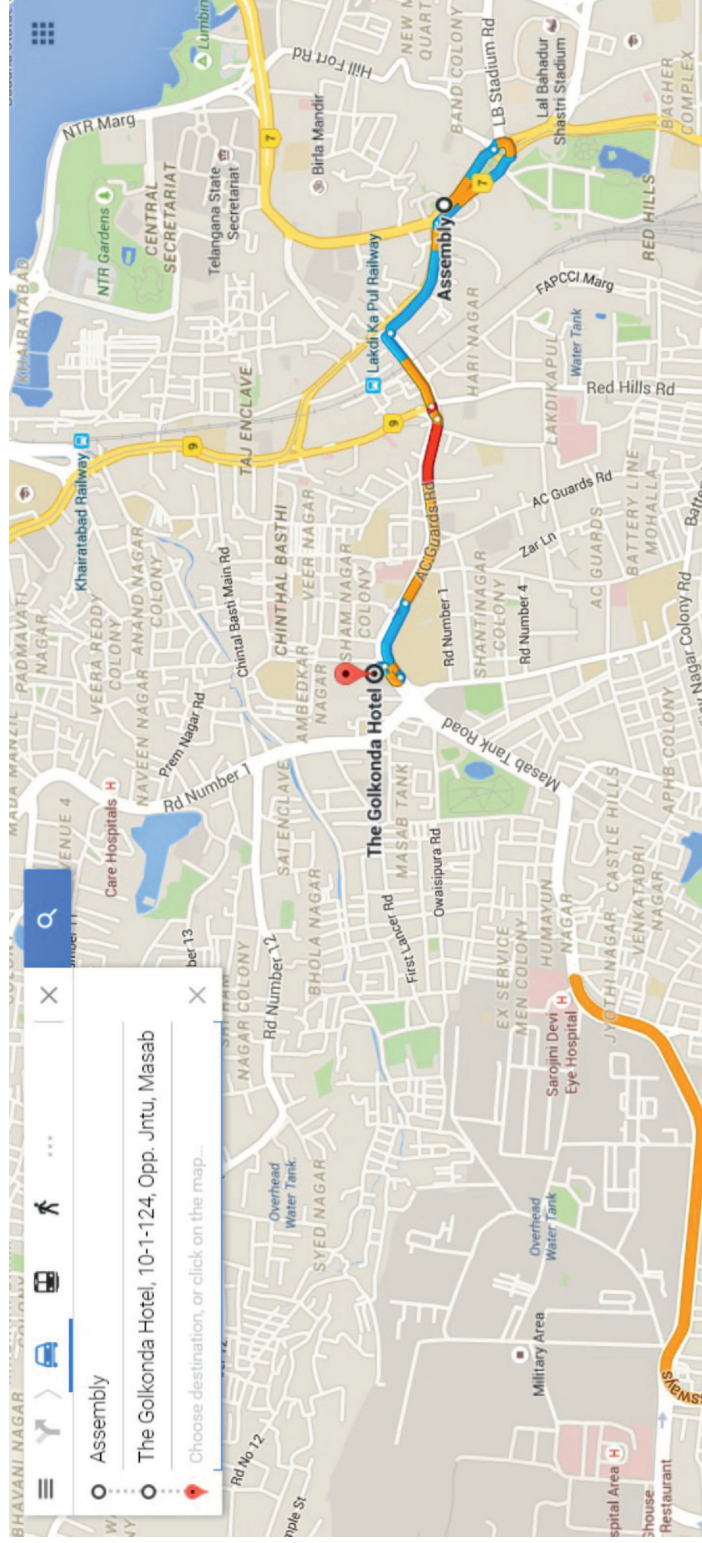
Signed this \_\_\_\_ day of \_\_\_\_\_ 2015

Signature of shareholder \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

Please  
affix  
Re. 1/-  
Revenue  
Stamp

- 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 34th Annual General Meeting of the Company.

# Route Map for AGM





## 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](http://www.sagarcements.in)

**Leader in Special Cements**

Ordinary Portland Cement  
(OPC Grade 43 & Grade 53)

Sulphate Resistant Cement

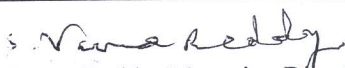
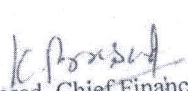

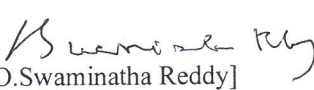
Special Grade Ordinary  
Portland Cement.

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 <sup>st</sup> March, 2015
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, Chief Financial Officer]
	Auditor of the company	 [K.Ranganathan, P.Srinivasan & Co., Statutory Auditors]
	Audit Committee Chairman	 [O.Swaminatha Reddy]

Date: 01.09.2015