

Notice to the Equity Shareholders of the Company

To consider Scheme of Arrangement between

Amareswari Cements Limited

And

Sagar Cements Limited

And

Their Respective Shareholders

Meeting

Date : 7th March 2011

Day : Monday

Time : 3.30 P.M.

Venue : Hotel Golkonda, Masab Tank, Hyderabad – 500 028 A.P.

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SAGAR CEMENTS LIMITED

Registered Office : 8-2-472/B/2, Road No. I, Banjara Hills

Hyderabad – 500 034

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT HYDERABAD
(ORIGINAL JURISDICTION)**

Company Application No. 5 of 2011

IN THE MATTER of the Companies Act, 1956 (I of 1956)

AND

IN THE MATTER of Section 391 to 394 of the Companies Act, 1956

AND

IN THE MATTER OF Scheme of Arrangement

BETWEEN

AMARESWARI CEMENTS LIMITED

(Transferor Company)

AND

SAGAR CEMENTS LIMITED

(Transferee Company)

AND

THEIR RESPECTIVE SHAREHOLDERS

Sagar Cements Limited

A Company incorporated under the Companies

Act and having its registered office at

8-2-472/B/2, Road No.1

Banjara Hills, Hyderabad – 500 034

Andhra Pradesh , India

represented by its Executive Director, Mr. S. Sreekanth Reddy

.....Applicant

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS

To

The Equity Shareholders of

Sagar Cements Limited, the Applicant Company

TAKE NOTICE that by an Order made on the 19th January 2011 in the above Company Application, the Hon'ble High Court of Andhra Pradesh at Hyderabad has directed that a meeting of the Equity Shareholders of the Applicant Company be held at Hotel Golkonda, Masab Tank, Hyderabad – 500 028 A.P. on Monday, the 7th March 2011 at 3.30 P.M. for the purpose of considering, and if thought fit, approving, with or without modification (s), the arrangement embodied in the Scheme of Arrangement between Amareswari Cements Limited, the Transferor Company and Sagar Cements Limited, the Transferee Company and their respective Shareholders.

Take further notice that in pursuance of the said order, a meeting of the Equity Shareholders of the Applicant Company will be held at Hotel Golkonda, Masab Tank, Hyderabad – 500 028 A.P. on Monday, the 7th March 2011 at 3.30 P.M. at which time and place you are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Applicant Company situated at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034 (Andhra Pradesh) not later than 48 hours before the meeting.

The Hon'ble High Court has appointed Sri S. Lakshmi Kanth, Advocate as Chairman of the said Meeting.

A copy each of the Scheme of Arrangement, the Statement under Section 393 of the Companies Act, 1956, Fairness opinion certificate and a Form of Proxy is enclosed.

Date: 31st January, 2011

Place: Hyderabad

Sd/-

(S.LAKSHMI KANTH)

CHAIRMAN APPOINTED FOR THE MEETING

Note: All alterations made in the form of proxy should be initialed.

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT HYDERABAD
(ORIGINAL JURISDICTION)**

Company Application No. 5 of 2011

IN THE MATTER of the Companies Act, 1956 (1 of 1956)

AND

IN THE MATTER of Section 391 to 394 of the Companies Act, 1956

AND

IN THE MATTER OF Scheme of Arrangement

BETWEEN

AMARESWARI CEMENTS LIMITED

(Transferor Company)

AND

SAGAR CEMENTS LIMITED

(Transferee Company)

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THEIR RESPECTIVE SHAREHOLDERS

Sagar Cements Limited

A Company incorporated under the Companies

Act and having its registered office at

8-2-472/B/2, Road No.1

Banjara Hills, Hyderabad – 500 034

Andhra Pradesh , India

represented by its Executive Director, Mr. S. Sreekanth Reddy

.....**Applicant Company**

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. By an Order dated 19th January 2011, the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad has directed to convene a meeting of the Equity Shareholders of the Applicant Company at Hotel Golkonda, Masab Tank, Hyderabad – 500 028 A.P on Monday, the 7th March 2011 at 3.30 P.M. for the purpose of considering, and if thought fit, approving, with or without modification (s), the arrangement embodied in the Scheme of Arrangement between Amareswari Cements Limited, the Transferor Company and Sagar Cements Limited, the Transferee Company and their respective Shareholders.
2. The Scheme of Arrangement between Amareswari Cements Limited, the Transferor Company and Sagar Cements Limited, the Transferee Company and their respective Shareholders is proposed under Section 391 read with Section 394 of the Companies Act, 1956. The Board of Directors of Amareswari Cements Limited and Sagar Cements Limited have approved and adopted the proposed Scheme of Arrangement in their respective meetings held on 22nd October 2010. The proposed Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (hereinafter referred to as "the said Scheme") is deemed to form part of this Statement.
3. Sagar Cements Limited, the Transferee Company was incorporated under the Companies Act, 1956 on 15th January 1981 with Certificate of Incorporation No.2887 of 1980-81.

4. The Registered Office of Sagar Cements Limited is situated at 8-2-472/B/2, Road No. I, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh.
5. As at 31st March 2010, the Authorized Share Capital and Issued, Subscribed and Paid-up Capital of the Transferee Company was as follows:

Share Capital	Amount in Rs.
<u>Authorised Share Capital:</u>	
2,00,00,000 Equity Shares of Rs.10/- each	20,00,00,000
20,00,000 Preference Shares of Rs.10/- each	2,00,00,000
Total	22,00,00,000
<u>Issued, Subscribed and Paid-up Capital</u>	
1,50,02,300 Equity Shares of Rs.10/- each	15,00,23,000

There is no change in the status of the share capital as aforesaid, as on date.

6. The objects for which Sagar Cements Limited was incorporated are as set out in its Memorandum of Association. The main objects of Sagar Cements Limited amongst others are, inter alia, to produce, manufacture, refine, prepare, process, purchase, import, export, sell and generally to deal in all kinds of Cement, Cement products of any description, limestone, gypsum, kankar and/or by-products thereof and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other work relating thereto.
7. The Applicant Company is in the related business as that of the Transferor Company and is interested in the acquisition of the business of manufacturing and sale of cement carried on by the Transferor Company ultimately through the Scheme of Arrangement. The Transferee Company is financially and technically sound and equipped to make the acquisition and continue the business carried on by the Company after the present Scheme of Arrangement is given effect to. The Applicant Company has recorded a turnover of Rs.486.36 Crores and a net profit of Rs.19.12 crores during the financial year ended March 31, 2010.
8. Amareswari Cements Limited, the Transferor Company was incorporated under the Companies Act, 1956 on 6th September 1983 with Certificate of Incorporation No.4122 of 1983-84.
9. The Registered Office of Amareswari Cements Limited is situated at 8-2-472/B/2, Road No. I, Banjara Hills, Hyderabad – 500 034.
10. As at 31st March 2010, the Authorized Share Capital and Issued, Subscribed and Paid-up Capital of the Transferor Company was as follows:

Share Capital	Amount in Rs.
<u>Authorised Capital</u>	
67,50,000 Equity Shares of Rs.10/- each	6,75,00,000
<u>Issued, Subscribed and Paid-up Capital</u>	
46,00,000 Equity Shares of Rs.10/- each	4,60,00,000

There is no change in the status of the share capital as aforesaid, as on date.

11. The objects for which the Transferor Company was incorporated are set out in the Memorandum of Association. The main objects of the Transferor Company amongst others are, inter alia, to produce, manufacture, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of Portland Cement, (Portland Pozzolona Cement, Portland Slag Cement, Portland rapid hardening cement, Portland high alumina Portland oil well cement, special cement, massanory cement, lime pozzolona cement, white and colour cement etc.) products of any description (pipes, poles, asbestos, sheets, block, tiles, garden, wares etc.) lime, limestone, carbonate, carbide, gypsum, kankar and/or by-products, allied chemicals thereof and in connection therewith to erect, construct, establish, operate and maintain cement factories, quarries, workshops and other works.
12. Amareswari Cements Limited is engaged in the manufacture and sale of cement.
13. The Board of Directors of the Applicant Company has at its meeting held on 22nd October, 2010 passed a resolution approving the Scheme of Arrangement between Amareswari Cements Limited, the Transferor Company and Sagar Cements Limited, the Transferee Company and their respective shareholders. Similarly, the Board of Directors of Amareswari Cements Limited has approved the said Scheme of Arrangement in their meeting held on 22nd October, 2010.
14. The Scheme of Arrangement has been drafted taking into account all the relevant factors. The Board of Directors of the Applicant Company and the Transferor Company had been advised by two independent valuers, namely, M/s. Deloitte Touche Tohmatsu India Pvt.Ltd., (Deloitte) and M/s. KPMG India Pvt.Ltd., (KPMG), appointed to provide the fair valuation of the equity shares of the Transferor Company and the Transferee Company under the Scheme of Arrangement, vide their report dated September 17, 2010 and September 15, 2010 respectively. Further as required under the Listing Agreement with the stock exchanges where the shares of the Transferee Company are currently listed, a Fairness Opinion Certificate was provided by Karvy Investor Services Limited vide their Report dated 21st October, 2010 confirming the fairness of the valuation undertaken by M/s. Deloitte Touche Tohmatsu India Pvt.Ltd., (Deloitte) and M/s. KPMG India Pvt.Ltd., (KPMG). Accordingly, the Scheme proposes the following Exchange Ratio:

Ten (10) equity shares of Rs.10/- each credited as fully paid-up in the Transferee Company for every fourteen (14) equity shares of Rs.10/- each fully paid-up held in the Transferor Company.
15. The Scheme of Arrangement between Amareswari Cements Limited, the Transferor Company, Sagar Cements Limited, the Transferee Company and their respective shareholders will benefit the Transferor Company, the Transferee Company and their respective shareholders. The rationale and reasons for the proposed Scheme of Arrangement, inter alia, are summarized below:
 - ✓ The Transferee Company is also in the business of manufacturing and sale of cement.
 - ✓ The proposed amalgamation of the Transferor Company with the Transferee Company would help the Transferee Company to increase the manufacturing capability due to the enhanced capacity.
 - ✓ The proposed amalgamation would enable focused strategic leadership and management attention to be bestowed on the undertaking of the Transferor Company so as to integrate the business synergies and reap the benefits of consolidation. The proposed amalgamation of both the companies will channelize synergies, enable optimum utilization of the available resources, broadening the customer base and boost the morale of employees thereby improving their productivity besides enabling a focused business approach for the optimization.
 - ✓ The proposed amalgamation would enable to achieve higher long-term financial returns and inculcation of greater financial strength and flexibility than could be achieved by the companies individually.
 - ✓ It is also beneficial by the proposed amalgamation for pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the merging companies leading to increased competitive strength, cost reduction, productivity gains and logistic advantages. The proposed amalgamation would make it possible to meet the required funding and take the benefit of the emerging opportunities.
 - ✓ It is believed that the proposed amalgamation under this Scheme of Arrangement will create enhanced value for the shareholders and allow a focused strategy in operations, which would be in the best interest of both the Transferor Company and the Transferee Company and their shareholders.
16. The salient features of the Scheme of Arrangement are as follows:
 1. The Scheme provides for the following definitions, among others:

- (i) "Appointed Date" means 1st April 2010 or such other date as may be fixed by The High Court.
- (ii) "Board" means the board of directors of the Transferor Company or the Transferee Company, as the case may be, including any duly constituted committee thereof.
- (iii) "Effective Date" means the date on which the certified copies of the Order of the High Court of Judicature of Andhra Pradesh at Hyderabad or any other Court or authority of appropriate jurisdiction sanctioning the Scheme are filed with the Registrar of Companies, Andhra Pradesh.
- (iv) "Scheme" means the Scheme of Arrangement as set out herein or with any modifications approved or imposed or directed by the High Court of Judicature of Andhra Pradesh at Hyderabad or authority of appropriate jurisdiction sanctioning the Scheme, as the case may be.
- (v) "Undertaking of the Transferor Company" includes:
 - (a) all the assets and properties of the Transferor Company as on the Appointed Date;
 - (b) all debts, liabilities, duties, responsibilities and obligations of the Transferor Company as on the Appointed Date;

Without prejudice to the generality of the above, (i) the assets and property of the Transferor Company shall include the entire business and all rights, privileges, powers and authorities and all property, movable or immovable, real, corporeal or incorporeal, leasehold or otherwise, mining rights, mining lease rights in respect of land allotted by the Government, in possession or reversion, present or contingent of whatever nature and wheresoever situate, including fixed assets, capital works in progress, current assets, investment of all kind, approvals, permissions, consents, exemptions, registrations, non-objection certificates and certifications, permits, quotas, rights, entitlements, tenancies, roof rights, trademarks, service marks, know-how, technical know-how, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights, benefits of security arrangements, contracts, agreements and all other rights including lease rights, licenses including those relating to trademarks, or service marks, easements, advantages, exemptions, benefits, powers and facilities of every kind, nature and description whatsoever of the Transferor Company or to which the Transferor Company is entitled including right to use of telephones, telex, facsimile connections and installations, electricity, power lines, communication lines and other services, reserves, deposits, provisions, funds, subsidies, grants, tax credits, and any accretions or additions arising to any of the foregoing on and after the Appointed Date and (ii) all the debts, liabilities, duties, responsibilities and obligations of Transferor Company shall include all obligations of whatsoever kind including liabilities for payment of gratuity, provident fund, service tax and other statutory dues, if any.

References in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

II. The Scheme of Arrangement sets out provisions in relation to the amalgamation and envisages, inter-alia, that:

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, all the assets and properties, both movable and immovable, investments, rights, title and interests comprised in the Undertaking of the Transferor Company shall pursuant to the Scheme being sanctioned by the High Court under Section 394(2) of the Act and without any further act or deed be transferred to, and vested in, or deemed to have been transferred to, and vested in, the Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company subject to Clause 3.2 of the Scheme in relation to charges thereon in favour of banks and/or financial institutions.
- (b) All debts, outstandings and receivables of the Transferor Company shall accordingly, on and from the Appointed Date and upon the Scheme becoming effective, stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (though the Transferee Company may; if it deems appropriate, give notice to the debtors that the debts stand transferred and vested in the Transferee Company) and the debtors shall be obliged to make payment to the Transferee Company after the Effective Date.
- (c) With effect from the Appointed Date and upon the Scheme becoming effective, all debts (whether secured or unsecured), liabilities (including contingent liabilities, whether disclosed or undisclosed), taxes, duties and obligations of every kind, nature and description of the Transferor Company along with any charge, encumbrance, lien or security thereon shall also be vested

and stand transferred to and be deemed to be and stand vested in the Transferee Company without any further act, or instrument or deed pursuant to the Scheme being sanctioned by the High Court under Section 394(2) of the Act so as to become the debts, liabilities, duties and obligations of the Transferee Company from the Appointed Date and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.

- (d) To the extent that there are any money received, loans, outstandings or balances due from the Transferor Company to the Transferee Company or vice versa the obligations in respect thereof shall be extinguished upon the merger of interest between the creditor and debtor and corresponding effect shall be given in the books of account and records of the Transferee Company.
- (e) Upon the Effective Date and in consideration of the amalgamation, including the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company pursuant to Part II of the Scheme, the Transferee Company shall, without any further act or deed and without requirement of payment, issue and allot to each Shareholder of the Transferor Company whose name is recorded in the Register of Members of the Transferor Company on the Record Date to be fixed in that behalf by the Board of Directors or a Committee thereof of the Transferee Company, in respect of paid-up equity share capital of the Transferor Company as on the Effective Date, in the following manner on the basis of the Exchange Ratio arrived at by M/s. Deloitte Touche Tohmatsu India Pvt.Ltd., (Deloitte) and M/s. KPMG India Pvt.Ltd., (KPMG) in their Report dated September 17, 2010 and September 15, 2010 respectively, which has been confirmed as fair by Karvy Investor Services Limited in their Fairness Opinion Certificate dated 21st October 2010:

10 (Ten) Equity Shares of Rs.10/- each in the share capital of the Transferee Company credited as fully paid up for every 14 (fourteen) Equity Shares of Rs.10/- each fully paid up held by such members in the share capital of the Transferor Company.

Upon the Effective Date, 9,00,000 equity shares held in the Transferee Company by the Transferor Company shall stand extinguished and no equity shares shall be allotted to the Transferor Company. Consequently, the subscribed and paid-up share capital of the Transferee Company shall stand reduced upon such extinguishment to the extent of 9,00,000 equity shares.

(f) **DISSOLUTION OF THE TRANSFEROR COMPANY**

With effect from the Effective Date, the Transferor Company shall stand dissolved without being wound up.

- III. The Scheme is conditional upon and subject to the sanction or approval of the authorities concerned being obtained and granted in respect of the following matters.
- the approval of the Scheme by the requisite majority of the members and creditors of the Transferor Company and the Transferee Company, as required under Section 391 of the Act;
 - the sanction of the Scheme by the High Court of Judicature of Andhra Pradesh at Hyderabad under Sections 391 and 394 of the Act and other applicable provisions of the Act, rules and regulations;
17. The financial year of the Applicant Company is the year ending with 31st March of each year. The audited accounts of the Applicant Company for the year ending 31.03.2010 were duly approved by the shareholders at its Annual General Meeting held on 20th September, 2010. The financial year of the Transferor Company is the year ending with 31st March of each year. The audited accounts of the Transferor Company for the year ending 31.03.2010 were duly approved by the shareholders at its Annual General Meeting held on 20th September 2010.
18. The details of the capital structure of Amareswari Cements Limited and its pre-arrangement shareholding pattern is as follows:

i. Capital Structure	Pre Arrangement
a) Authorised Capital	Rs.6,75,00,000 divided into 67,50,000 Equity Shares of Rs.10/- each
b) Issued, Subscribed and Paid up capital	Rs.4,60,00,000 divided into 46,00,000 Equity Shares of Rs.10/- each.

ii. Shareholding Pattern

S No.	Category of Shareholder	Pre-Arrangement		
		No. of Shareholders	Total No. of Shares	Total Shareholding as % of Total No. of Shares (As a percentage of (A+B))
A	Shareholding of Promoter and Promoter Group	8	4522600	98.3
	Total Shareholding of Promoter and Promoter Group	8	4522600	98.3
B	Public Shareholding			
I	Institutions			
a	Financial Institutions / Banks			
b	Insurance Companies			
c	Foreign Institutional Investors			
	Sub-Total			
2	Non- Institutions			
a	Bodies Corporate			
b	Individuals -			
	(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh.	7	19900	0.4
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	2	57500	1.3
	Sub-Total (B) (2)	9	77400	1.7
	Total Public shareholding (B) = (B1 + B2)	9	77400	1.7
	TOTAL SHAREHOLDING(A)+(B)	17	4600000	100

19. i. The details of the capital structure of the Transferee Company and the shareholding pattern Pre and Post – Arrangement pursuant to the Scheme will be as follows:

		Pre-Arrangement Rs.	Post-Arrangement Rs.
A	Authorised Share Capital		
	2,00,00,000 Equity Shares of Rs.10/- each	200000000	200000000
	20,00,000 Preference Shares of Rs.10/- each	20000000	20000000
	Total:	220000000	220000000
B.	Issued, Subscribed and Paid up share capital:		
	1,50,02,300 Equity Shares of Rs.10/- each	150023000	
	1,73,88,014 Equity Shares of Rs. 10/- each		173880140

ii. Shareholding Pattern (Equity Share Capital)

Sl No.	Category of shareholder	Pre-Arrangement holdings			Post-Arrangement holdings		
		Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares	Number of shareholders	Total number of shares	Total shareholding as a percentage of total number of shares
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)
(A)	Shareholding of Promoter and Promoter Group						
[1]	Indian						
(a)	Individuals/ Hindu Undivided Family	9	5380110	35.9	9	8610539	49.5
(b)	Central Government/ State Government(s)						
(c)	Bodies Corporate	3	1244785	8.3	2	344785	2.0
(d)	Financial Institutions/ Banks						
(e)	Any Other (Specify)						
	Sub-Total (A)(1)	12	6624895	44.2	11	8955324	51.5
2	Foreign						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)						
(b)	Bodies Corporate						
(c)	Institutions						
(d)	Any Other (specify)						
	Sub-Total (A)(2)						
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	12	6624895	44.2	11	8955324	51.5
(B)	Public shareholding						
[1]	Institutions						
(a)	Mutual Funds/UTI	6	1125185	7.5	6	1125185	6.5
(b)	Financial Institutions/ Banks	5	4150	0.0	5	4150	0.0
(c)	Central Government/ State Government(s)						
(d)	Venture Capital Funds						
(e)	Insurance Companies						
(f)	Foreign Institutional Investors						
(g)	Foreign Venture Capital Investors						
(h)	Any Other (specify)						
	Sub-Total (B)(1)	11	1129335	7.5	11	1129335	6.5
[2]	Non-institutions						
(a)	Bodies Corporate	223	4365628	29.1	223	4365628	25.1
(b)	Individuals -						
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	8799	1587779	10.6	8805	1605565	9.2
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	10	179691	1.2	11	213619	1.2
(c)	Any Other (NRIs)	48	22748	0.2	49	26319	0.2
	Foreign Corporate Body	1	1000000	6.7	1	1000000	5.8
	Hindu Undivided Families	82	87283	0.6	82	87283	0.5
	Clearing Members	33	4941	0.0	33	4941	0.0
	Sub-Total (B)(2)	9196	7248070	48.3	9204	7303355	42.0
	Total Public Shareholding (B)= (B)(1)+(B)(2)	9207	8377405	55.8	9215	8432690	48.5
	TOTAL (A)+(B)	9219	15002300	100.0	9226	17388014	100.0

*The exact number of equity shares of Sagar Cements Limited to be issued Post Arrangement shall be subject to fractional shares, if any.

20. The Scheme neither proposes any arrangement with secured creditors nor unsecured creditors of the Applicant Company. As at 30th November 2010, the Applicant Company had the following secured creditors:

S.No	Particulars	Amount (Rs.)
1	Secured Loans	
	Term Loans	
	Andhra Pradesh State Financial Corporation	36253316
	State Bank of India	283386118
	State Bank of Hyderabad	304842549
	IDBI Bank Ltd	616666679
	State Bank of Hyderabad (Short Term Loan)	450000000
	L & T Finance Ltd.	18021498
	Total Term Loans	1709170160
2	Cash Credit Loans	
	State Bank of Hyderabad	319014104
	Punjab National Bank	17234677
	State Bank of India	331393733
	IDBI Bank Ltd	154194314
	Total of Cash Credit Loans	821836828
	Total of Secured Loans	2531006988

as certified by M/s. P. Srinivasan & Co., Chartered Accountants and Auditor of the Applicant Company vide their Certificate dated 20th December 2010. The Applicant Company shall submit the letters from each of the secured creditors affirming their 'no objection' / consent to the Scheme of Arrangement, at the time of hearing of the petition to be filed by the Applicant Company for sanction of the Scheme of Arrangement.

The Applicant Company has unsecured creditors to whom an amount of Rs.88,78,23,828 (Rupees Eighty Eight Crores Seventy Eight Lakhs Twenty Three Thousand and Eight Hundred Twenty Eight only) is outstanding as on 30th November 2010 as certified by M/s. P. Srinivasan & Co., Chartered Accountants and Auditor of the Applicant Company vide their Certificate dated 20th December, 2010.

21. The financial position of the Applicant Company will not be adversely affected by the Scheme of Arrangement. In fact, the financial position of the Applicant Company upon amalgamation will be strengthened by the proposed Scheme and there is no likelihood that any creditor of the Applicant Company would lose or be prejudiced as a result of the Scheme being implemented since no sacrifice or waiver is called for from them nor their rights sought to be modified in any manner. The Transferee Company being a profitable company would be able to meet the liabilities as they arise in the course of business. Hence, the rights and interests of the members and creditors of the Applicant Company and the Transferor Company will not be prejudicially affected by the Scheme.
22. The Applicant Company being a listed Company whose shares are traded on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE), the Scheme of Arrangement has been drawn up in consonance with the provisions of securities laws or the stock exchange requirements including the S E B I Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the provisions of the Companies Act, 1956, which are administered by S E B I and the rules, regulations, guidelines etc. made under these Acts and the Listing Agreement.

National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) have respectively conveyed their 'No Objection' as required under Clause 24 (f) of the Listing Agreement vide their Letter No. NSE/LIST/151276-G dated November 12, 2010 and Letter No DCS/AMAL/NTP/24(f)/933/2010-11 dated 14th December 2010 for filing the Scheme of Arrangement with the Hon'ble High Court. The Transferor Company is an unlisted closely held public company.

23. Under Section 391 of the Companies Act, 1956, the proposed Scheme will have to be approved by a majority in number representing three-fourths in value of the members present and voting either in person or by proxy at the meeting. A proxy form is enclosed. It is hoped that in view of the importance of the business to be transacted, you will personally attend the meeting. The signing of the form or forms of proxy will, however, not prevent you from attending and voting in person, if you so desire.
24. The Directors of Sagar Cements Limited and Amareswari Cements Limited may be deemed to be concerned or interested in the Scheme only to the extent of their shareholding of Equity Shares, if any, in the Companies and to the extent of Shares they may be allotted in Sagar Cements Limited as a result of the Scheme of Arrangement. Sri S. Veera Reddy, Managing Director, Dr. S. Anand Reddy, Joint Managing Director and Sri S. Sreekanth Reddy, Executive Director may be regarded as interested in the Scheme which comprises specifically their interest in the control and management of the Applicant Company.

The particulars of the present shareholding of the Directors of the respective Companies are as under:

S.No	Name of the Directors	Equity Shares held in	
		Sagar Cements Limited	Amareswari Cements Limited
	Sagar Cements Limited		
1	Shri O.Swaminatha Reddy		
2	Shri S.Veera Reddy	1089610	775860
3	Dr.S.Anand Reddy	584950	727550
4	Shri S.Sreekanth Reddy	601400	678100
5	Shri K.Thanu Pillai		
6	Shri Werner C.R. Poot		
7	Shri Gilbert Noel Claude Natta		
8	Shri V.V.S.Ravindra		
9	Shri P.Rajeswara Rao		
	Amareswari Cements Limited		
1	Shri S.Veera Reddy	1089610	775860
2	Dr.S.Anand Reddy	584950	727550
3	Shri S.Sreekanth Reddy	601400	678100
4	Shri M.Mohan Reddy		

Sri S. Veera Reddy, Dr. S. Anand Reddy and Sri S. Sreekanth Reddy are common directors among the Board of Directors of the Applicant Company and the Transferor Company.

25. No investigation proceedings have been instituted or pending in relation to the Applicant Company under Sections 235 to 251 of the Companies Act, 1956.
26. The following documents will be kept open for inspection by the shareholders of the Applicant Company at the Registered Office of the Applicant company at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034 on any working day prior to the date of meeting between 11.00 A M and 1.00 P M.
 - i. Order dated 19th January 2011 passed by the Hon'ble High Court of Andhra Pradesh at Hyderabad directing the convening of meeting of the Equity Shareholders of the Applicant Company.

- ii. Scheme of Arrangement.
 - iii. The Memorandum and Articles of Association of the Applicant Company and the Transferor Company.
 - iv. The Audited Balance sheet and Profit and Loss Account of the Applicant Company and the Transferor Company for the financial year ended on 31st March 2010.
 - v. Letter Nos. vide their Letter NSE/LIST/151276-G dated November 12, .2010 and Letter No DCS/AMAL/NTP/24(f)/933/2010-II dated 14th December 2010 received from National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai conveying their No Objection under Clause 24 of the Listing Agreement for filing the Scheme with the Hon'ble High Court.
 - vi. Valuation Report submitted by M/s. Deloitte Touche Tohmatsu India Pvt.Ltd., (Deloitte) and M/s. KPMG India Pvt.Ltd., (KPMG) dated September 17, 2010 and September 15, 2010 respectively.
 - vii. Fairness Opinion Certificate dated 21st October 2010 of M/s Karvy Investor Services Limited, Merchant Bankers.
27. A copy of the Fairness Certificate dated 21st October 2010 furnished by M/s.Karvy Investor Services Limited is enclosed for reference.

Place: Hyderabad
Date: 31st January, 2011

Sd/-
(S.LAKSHMI KANTH)
CHAIRMAN APPOINTED FOR THE MEETING

KARVY INVESTOR SERVICES LTD

Thursday October 21, 2010

Sagar Cements Limited,
8-2-472/B/2, Road No.1,
Banjara Hills,
Hyderabad-500 034

Dear Sirs,

FAIRNESS OPINION CERTIFICATE ON VALUATION OF SHARE EXCHANGE RATIO FOR THE AMALGAMATION OF SAGAR CEMENTS LIMITED AND AMARESWARI CEMENTS LIMITED

We, Karvy Investor Services Limited (**'Karvy'** or **'KISL'**), refer to our offer Letter No. KISL/IB-CMG/SCL/2010-11/53 dated Monday, September 20, 2010, which has been duly accepted by you, whereby you have appointed us as an Independent Merchant Banker for furnishing a **'Fairness Opinion'** on the valuation carried out by the Valuers KPMG and Deloitte (**'the Valuers'**) vide report dated September 15, 2010 and September 17, 2010 respectively, pursuant to Clause 24 of Listing Agreement.

We have been given to understand that the proposed Share Exchange Ratio under of a Scheme of Amalgamation of Amareswari Cements Limited (**'the Transferor Company'**) with Sagar Cements Limited (**'the Transferee Company'**), has been recommended at **10:14** i.e., shareholders of Amareswari Cements Limited will receive 10 (ten) equity shares of face value of Rs.10/- each of Sagar Cements Limited for Fourteen (14) equity shares of face value of Rs.10/- each, held by them in Amareswari Cements Limited as on **Record Date**.

KPMG and Deloitte, based on their respective Valuation Reports, have arrived at Share Exchange Ratio of 10:14, after excluding fractional impact, i.e., shareholders of Amareswari Cements Limited will receive 10 equity shares of face value of Rs.10/- each of Sagar Cements Limited for every 14 shares of face value of Rs.10/- each, held by them in Amareswari Cements Limited on Record Date.

In context of the above, the methodologies used and corresponding share valuation to arrive at aforesaid Share Exchange Ratio of 10:14 under the Scheme of Amalgamation, are **Fair**.

We enclose herewith a report on the Methodologies and the Valuations carried out by KPMG and Deloitte.

We hereby give our consent to present and disclose the Fairness Opinion in the meetings of the shareholders of Sagar Cements Limited pursuant to Clause 24 of Listing Agreement and to the Registrar of Companies, Andhra Pradesh, Bombay Stock Exchange Limited (**'BSE'**), National Stock Exchange of India Limited (**'NSE'**) and the High Court of Judicature of Andhra Pradesh at Hyderabad and any other regulatory / competent authorities in connection with the proposed purpose outlined above.

We highly appreciate the co-operation and support received by us from your representative during preparation of the said Fairness Opinion.

Thanking you,

Yours faithfully
For and on behalf of
Karvy Investor Services Limited

Sd/-
G.Vijayanand
Head – Corporate Finance

**REPORT ON FAIRNESS OF VALUATION OF SHAERS USED IN
AMALGAMATION OF SAGAR CEMENTS LIMITED AND
AMARESWARE CEMENTS LIMITED**

CONTENTS	
I.	Terms of Reference
II.	Information received and relied upon by us for the Fairness Opinion
III.	Brief Background of Companies under reference
IV.	Methods of Valuation
V.	Comments on Valuation of Amalgamation of Sagar Cements Limited and Amareswari Cements Limited by KPMG and Deloitte.
VII.	Opinion on Valuation Report

FAIRNESS OF VALUATION OF SHARES

I. TERMS OF REFERENCE

- I.1 Sagar Cements Limited (**'SCL'**) manufactures and sells Cement and Clinker in India. It is headquartered in Hyderabad and has a Limestone mine with a Clinker and Cement manufacturing facility at Mattampally in Nalgonda district, near Hyderabad. SCL is a public listed company, listed on the Bombay Stock Exchange Limited (**'BSE'**) and the National Stock Exchange of India Limited (**'NSE'**).
- I.2 Amareswari Cements Limited (**'ACL'**) is a closely held company controlled by the promoters of SCL in their individual capacities. ACL has its limestone mines with Cement manufacturing facility very close to the plant of SCL.
- I.3 The Management of SCL and ACL are proposing a merger of ACL with SCL to capture value from operational synergies and to ensure the availability of good quality limestone to meet its present and future requirements under a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956. The Share Exchange Ratio for the Scheme of Amalgamation has been decided based on Valuation Reports prepared by KPMG and Deloitte.
- I.4 For the purpose of ascertaining the fairness of the valuation used by Sagar Cements Limited has appointed Karvy, for furnishing a **Fairness Opinion** on the valuation carried by the Valuers.

II. INFORMATION RECEIVED AND RELIED UPON BY US FOR THE FAIRNESS OPINION

- 2.1 We, KISL, have prepared the **Fairness Opinion** on the basis of the following information provided to us / collated by us from publicly available sources, like website of BSE and NSE:
 - (a) Annual Report of Amareswari Cements Limited for the year 2009-2010.
 - (b) Audited Financials Statements of for Sagar Cements Limited (i) 12 months period ended March 31, 2008, (ii) 12 months period ended 31 March, 2009 (iii) 12 months period ended 31 March 2010.
 - (c) Financial projections for (i) Sagar Cements Limited (ii) Amaresswari Cements Limited for 12 months period ending on March 31, 2011; March 31, 2012; March 31, 2014; and March 31, 2015 as prepared by the Management and accepted by the Valuers.
 - (d) Share price and trading volume history of the equity shares of Sagar Cements Limited on Bombay Stock Exchange Limited (**'BSE'**) and (**'NSE'**).
 - (e) Valuation Report of KPMG and Deloitte.
 - (f) Draft of the Scheme of Amalgamation of Amareswari Cements Limited and Sagar Cements Limited.
- 2.2 Our work does not constitute an audit or certification of the historical financial statements of Sagar Cements Limited and Amareswari Cements Limited, including their working results referred to in this Report. Accordingly, we are unable to and do not express any opinion on the accuracy of any financial information referred to in this Report. We assume no responsibility for any errors in the information submitted by the Managements and their impact on the present exercise. **This Fairness Opinion has been furnished on the methodologies and resultant share valuation used by the Valuers.**
- 2.3 This Report is issued on the understanding that Sagar Cements Limited has drawn our attention to all the relevant matters, of which they were aware of, concerning the respective company's financial position and businesses, which may have an impact on this Report.

III. BRIEF BACKGROUND OF COMPANIES UNDER REFERENCE

Sagar Cements Limited

- 3.1 Sagar Cements Limited was incorporated in 1981 and commenced operations in January 1985. It is listed on the BSE and NSE.

Sagar Cements Limited manufactures and sells Cement and Clinker in India. Its product variants include Ordinary Portland Cement, Sulphate Resistant Cement and Portland Pozzolana Cement. More than 85 percent of the production volumes are sold to Andhra Pradesh. The primary market for SCL is Hyderabad, Khammam, Nalgonda, Krishna, East and West Godavari districts. The distribution network of SCL includes 25 wholesalers, 575 dealers, 1,500 sub-dealers and 10 consignment agents.

Amareswari Cements Limited

- 3.4 Amareswari Cements Limited is a closely held company controlled by the promoters of SCL in their individual capacities.
- 3.5 ACL has its limestone mines with Cement manufacturing facility very close to the plant of SCL. The mine has not been operational and at present ACL procures Clinker from SCL and sells back as Cement after processing in its Cement plant.

IV. METHODS OF VALUATION

There are several methods / models used for valuing the shares of a company, such as:

- (a) Capitalisation of Earnings Method;
- (b) Assets Based Valuation Method;
- (c) Market Price of Share Method;
- (d) Multiple based valuation techniques, viz., P/E, EV/EBITDA and Market Capitalisation / Revenue Multiple Method et. el.; and
- (e) Discounted Cash Flow ("DCF") Method.

Each of these methods has its suitability, depending upon the facts of the case and the objectives of the valuation. These methods are briefly explained below, for ready reference.

(a) Capitalisation of Earnings Method

- (i) For valuing a business on a Going Concern Basis, what is more relevant is the earning capacity of the company because the business undertaking is a profit-earning apparatus and hence its value depends upon its earning capacity. This method capitalizes the earnings of the company at an appropriate capitalization rate to arrive at the value of the business of the company.
- (ii) This method is more suitable for a company, which has a steady trend of profits rather than for a company, which has a different pattern of profit.

(b) Assets Based Valuation Method

- (i) The Assets Based Valuation may be arrived at either by taking the book value of the asset or the replacement value of the asset.
- (ii) The Asset Based Valuation Method is not an appropriate method of valuing the business on a going concern basis, because it does not truly measure the earning capacity of an enterprise. The Asset Based Valuation Method is appropriate mainly in the cases of liquidation of a company.

(c) Market Price of Share Method

Under this method, the price of the shares of the company quoted on a recognized stock exchange forms the basis for valuation. Since, market price reflects the fair value of the company, for all listed companies its one of the best method for valuation provided the shares of the company are frequently traded ~~or~~ highly liquid, i.e., there is a large quantum of shares traded on daily basis. Pursuant to **Explanation** under **Regulation 20** of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, a company with an annualized trading turnover during the preceding six (6) calendar months of **5% or more** of the total paid-up capital, is considered as frequently traded.

(d) Multiple-based Valuation Techniques

Under this method, one or more of the valuation parameters such as Earnings Per Share ('EPS') or Profit Earning Capacity Value ('PECV'), Revenue and EBITDA of the company is determined and thereafter, is multiplied by a suitable Multiple, determined either based on an average of its close peers ~~or~~ based on the specific sector averages. The resultant figure gives the Value per share. Generally, this method is suitable for a company, which can be compared to listed company with similar scale of operation and other critical financial parameters.

(e) Discounted Cash Flow Method.

This method values the enterprise on the basis of its earning potential. However, under this method, instead of using the Future Maintainable Profits after Tax as the basis of valuation, the valuation is made by using the Free Cash Flows and it has two (2) components as follows:

- (i) Discounted value of Free Cash Flows of the company for the Explicit Forecast Period of, say, 5 years; and
- (ii) Terminal Value (value after the explicit forecast period).

V. COMMENTS ON VALUATION OF AMALGAMATION OF AMARESWARI CEMENTS LIMITED WITH SAGAR CEMENTS LIMITED BY KPMG AND DELOITTE

- A. The Valuer, viz., KPMG, has arrived at the Share Exchange Ratio considering valuation under following methodologies:
- (a) **Discounted Cash Flow Approach** – KPMG has used DCF Method for valuation of the shares of Sagar Cements Limited and Amareswari Cements Limited. The DCF approach seeks to arrive at a value for business based on the strength of its future cash flows. This approach also captures the risk involved with the cash flows. The cash-flows are discounted by the opportunity cost of capital employed. The approach has its foundations in the '**present value**' concept, where the value of any asset is the present value of expected future cash flows from it.
 - (b) **Comparable Transactions Approach** – This approach has been used as one of the methods for valuation of equity shares of Sagar Cements Limited. The valuation is based on data from listed comparable companies and recent transactions in the comparable sector, with necessary adjustments.

- (c) **Market Price Methodology** – This methodology has been used for SCL. The average of the weekly high and low of the closing prices as quoted on BSE where the company's shares are most frequently traded during the twenty-six weeks or the average of the daily high and low of the prices of the shares during the two weeks preceding the date of public announcement, whichever is higher.
- (d) **Price per Share** – Based on the above valuation methodologies KPMG has arrived at price per share of Rs.196.00 for equity share of face value of Rs.10/- of Sagar Cements Limited. The price per share of Amareswari Cements Limited is arrived as Rs.139.00 per share of face value of Rs.10/- each.

B. Deloitte – The Valuer viz., Deloitte, has arrived at the Share Exchange Ratio considering valuation under following methodologies:

- (a) **Market Net Asset Value Method** – This approach is used to derive Net Asset Value for both SCL and ACL. It uses Book Value and Realizable Value for operating assets and non-operating assets respectively to compute the equity value for SCL and ACL.
- (b) **Comparable Transactions Approach** – This approach has been used as one of the method for valuation of equity shares of Sagar Cements Limited as well as Amareswari Cements Limited. The valuation is based on data from listed comparable companies and recent transactions in the comparable sector, with necessary adjustments. The Valuer has used EV/EBITDA model for valuation.
- (c) **Market Price Methodology** – This approach is applicable only to SCL, and uses the Weighted average volume price of the market transactions for a period of six months, ending September 15, 2010.
- (d) **Weightages Assigned** – The valuer has assigned weightage to one to the Net Asset Value Methodology and two to both the Comparable Companies Multiples and Market Price Methodologies.
- (e) **Price per Share** – Based on the above valuation methodologies Deloitte has arrived at price per share of Rs.181.00 for equity share of face value of Rs.10/- of Sagar Cements Limited. The price per share of Amareswari Cements Limited is arrived as Rs.129.00 per share of face value of Rs.10/- each.

C. Share Exchange Ratio – Based on the aforesaid valuation, KPMG and Deloitte has arrived at a Share Exchange Ratio of **10:14** i.e., shareholders of Amareswari Cements Limited will receive ten (10) equity shares of face value of Rs.10/- each of Sagar Cements Limited for Fourteen (14) equity shares of face value of Rs.10/- each, held by them in Amareswari Cements Limited shareholders of on **Record Date**.

D. We are of the opinion that KPMG and Deloitte has used the appropriate valuation methodologies for valuation of equity shares of Sagar Cements Limited and Amareswari Cements Limited in arriving at Fair Value of both the companies and the corresponding Share Exchange Ratio.

VII. OPINION ON VALUATION REPORTS

KPMG and Deloitte, based on their respective Valuation Reports, have arrived at Share Exchange Ratio of 10:14, after excluding fractional impact, i.e., shareholders of Amareswari Cements Limited will receive 10 equity shares of face value of Rs.10/- each of Sagar Cements Limited for every 14 shares of face value of Rs.10/- each, held by them in Amareswari Limited on Record Date.

In context of the above, the methodologies used and corresponding share valuation to arrive at aforesaid Share Exchange Ratio of 10:14 under the Scheme of Amalgamation, are **Fair**.

**SCHEME OF ARRANGEMENT
BETWEEN
AMARESWARI CEMENTS LIMITED
(Transferor Company)
AND
SAGAR CEMENTS LIMITED
(Transferee Company)
AND
THEIR RESPECTIVE SHAREHOLDERS**

WHEREAS

- A. AMARESWARI CEMENTS LIMITED** (“Transferor Company”) is a public limited company incorporated under the Companies Act, 1956 with Certificate of Incorporation No.4122 of 1983-84 dated 6th September 1983, having its registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India.

The Transferor Company is engaged in manufacture and sale of cement. The Transferor Company has recorded an income of Rs.71.14 Crores and a net profit of Rs. 1.80 crores during the financial year ended March 31, 2010.

- B. SAGAR CEMENTS LIMITED**, the Transferee Company is a listed public limited company, incorporated under the Companies Act, 1956, with Certificate of Incorporation No.2887 of 1980-81 dated 15th January 1981, having its registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India.

The Transferee Company is in the related business as that of the Transferor Company and is interested in the acquisition of the business of manufacturing and sale of cement carried on by the Transferor Company ultimately through the scheme of arrangement. The Transferee Company is financially and technically sound and equipped to make the acquisition and continue the business carried on by the Company after the present Scheme of Arrangement is given effect to. The Transferee Company has recorded an income of Rs. 486.36 Crores and a net profit of Rs. 19.12 crores during the financial year ended March 31, 2010.

- C.** The Scheme of Arrangement will benefit the Transferor Company, the Transferee Company and their respective shareholders. The rationale and reasons for the proposed Scheme of Arrangement, inter alia, are summarized below:

- ✓ The Transferor Company is also in the business of manufacturing and sale of cement.
- ✓ The proposed amalgamation of the Transferor Company with the Transferee Company would help the Transferee Company to increase the manufacturing capability due to the enhanced capacity.
- ✓ The proposed amalgamation would enable focused strategic leadership and management attention to be bestowed on the undertaking of the Transferor Company so as to integrate the business synergies and reap the benefits of consolidation. The proposed amalgamation of both the companies will channelize synergies, enable optimum utilization of the available resources, broadening the customer base and boost the morale of employees thereby improving their productivity besides enabling a focused business approach for the optimization.
- ✓ The proposed amalgamation would enable to achieve higher long-term financial returns and inculcation of greater financial strength and flexibility than could be achieved by the companies individually.
- ✓ It is also beneficial by the proposed amalgamation for pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the merging companies leading to increased competitive

strength, cost reduction, productivity gains and logistic advantages. The proposed amalgamation would make it possible to meet the required funding and take the benefit of the emerging opportunities.

- ✓ It is believed that the proposed amalgamation under this Scheme of Arrangement will create enhanced value for the shareholders and allow a focused strategy in operations, which would be in the best interest of both the Transferor Company and the Transferee Company and their shareholders.

- D. This Scheme of Arrangement (hereinafter referred to as the “Scheme”) comprises the amalgamation of the Transferor Company with the Transferee Company which has been set forth in Part II, as follows :

The transfer and vesting of the Undertaking of the Transferor Company, pursuant to Part II, by Amareswari Cements Limited, the Transferor Company to Sagar Cements Limited, the Transferee Company and in consideration thereof issue of equity shares shall be made by the Transferee Company to the shareholders of the Transferor Company pursuant to Section 391 and Section 394(I) (a) of the Companies Act, 1956.

- E. The Scheme also makes provisions for various other matters consequential, incidental or related thereto and otherwise integrally connected therewith-in Part III, which are common for the arrangement set out in Part II. Part I of this Scheme deals with the definitions of the expressions used in arrangement set out in Part II and details in respect of the incorporation and share capital of the Transferor Company and Transferee Company.

SCHEME

PART I

GENERAL

I. DEFINITIONS

- I. In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the meanings given to them below :
- (i) “Act” means the Companies Act, 1956 and any amendments and/or re-enactment thereof, for the time being in force.
 - (ii) “Transferor Company” means Amareswari Cements Limited, a company incorporated under the Act having its registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh , India.
 - (iii) “Transferee Company” means Sagar Cements Limited, a company incorporated under the Act having its registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh , India
 - (iv) “Appointed Date” means 1st April 2010 or such other date as may be fixed by the High Court.
 - (v) “Board” means the board of directors of the Transferor Company or the Transferee Company, as the case may be, including any duly constituted committee thereof.
 - (vi) “Effective Date” means the date on which the certified copies of the Order of the High Court of Judicature of Andhra Pradesh at Hyderabad or any other Court or authority of appropriate jurisdiction sanctioning the Scheme are filed with the Registrar of Companies, Andhra Pradesh.
 - (vii) “Scheme” means the Scheme of Arrangement as set out herein or with any modifications approved or imposed or directed by the High Court of Judicature of Andhra Pradesh at Hyderabad or authority of appropriate jurisdiction sanctioning the Scheme, as the case may be.
 - (viii) “Undertaking of the Transferor Company” includes :-

- (a) all the assets and property of the Transferor Company as on the Appointed Date ;
- (b) all debts, liabilities, duties, responsibilities and obligations of the Transferor Company as on the Appointed Date ;

Without prejudice to the generality of the above, (i) the assets and property of the Transferor Company shall include the entire business and all rights, privileges, powers and authorities and all property, movable or immovable, real, corporeal or incorporeal, leasehold or otherwise, mining rights, mining lease rights in respect of land allotted by the Government, in possession or reversion, present or contingent of whatever nature and wheresoever situate, including fixed assets, capital works in progress, current assets, investment of all kind, approvals, permissions, consents, exemptions, registrations, no-objection certificates and certifications, permits, quotas, rights, entitlements, tenancies, roof rights, trademarks, service marks, know-how, technical know-how, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights, benefits of security arrangements, contracts, agreements and all other rights including lease rights, licenses including those relating to trademarks, or service marks, easements, advantages, exemptions, benefits, powers and facilities of every kind, nature and description whatsoever of the Transferor Company or to which the Transferor Company is entitled including right to use of telephones, telex, facsimile connections and installations, electricity, power lines, communication lines and other services, reserves, deposits, provisions, funds, subsidies, grants, tax credits, and any accretions or additions arising to any of the foregoing on and after the Appointed Date and (ii) all the debts, liabilities, duties, responsibilities and obligations of Transferor Company shall include all obligations of whatsoever kind including liabilities for payment of gratuity, provident fund, service tax and other statutory dues, if any.

2. References in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Effective Date.

The capital structure of the two companies as are parties to the present Scheme, is as under: -

(i) Transferor Company

The capital structure of the Transferor Company as at March 31, 2010 is as follows:

SHARE CAPITAL	Rs.
AUTHORISED CAPITAL	
6750000 Equity Shares of Rs.10/- each	6,75,00,000
	6,75,00,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	
4600000 Equity Shares of Rs.10/- each, fully paid up	4,60,00,000
Share Application Money	3,41,092
TOTAL	4,63,41,092

(ii) Transferee Company

The capital structure of the Transferee Company as at March 31, 2010 is as follows:

SHARE CAPITAL	Rs.
AUTHORISED CAPITAL	
2,00,00,000 Equity Shares of Rs.10/- each	20,00,00,000
20,00,000 Preference Shares of Rs.10/- each	2,00,00,000
TOTAL	22,00,00,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	
1,50,02,300 Equity Shares of Rs.10/- each	15,00,23,000

PART II

Amalgamation

- 3.1 (a) With effect from the Appointed Date and upon the Scheme becoming effective, all the assets and properties, both movable and immovable, investments, rights, title and interests comprised in the Undertaking of the Transferor Company shall pursuant to the Scheme being sanctioned by the High Court under Section 394(2) of the Act and without any further act or deed be transferred to, and vested in, or deemed to have been transferred to, and vested in, the Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company subject to Clause 3.2 of this Scheme in relation to charges thereon in favour of banks and/or financial institutions.
- (b) With effect from the Appointed Date and upon the Scheme becoming effective, all rights and licenses relating to trademarks, know-how, technical know-how, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights (including applications submitted to the registration authorities on or before the Effective Date by the Transferor Company), tenancies with the consent of the landlord wherever necessary, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled/eligible and which are subsisting or have effect immediately before the Appointed Date, shall be in full force and effect on, or against, or in favour of, the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- (c) The transfer/vesting, as aforesaid, shall be subject to existing charges/hypothecation/mortgage (if any as may be subsisting) over or in respect of the said assets or any part thereof. Provided, however, that any reference in any security documents or arrangements to which the Transferor Company is a party, to such assets of the Transferor Company offered or agreed to be offered as security for any financial assistance both availed and to be availed up to any limit for which sanctions have already been obtained by the Transferor Company shall be construed as reference only to the assets pertaining to the Transferor Company as are vested in the Transferee Company by virtue of this Clause 3.1 to the end and intent that such security, mortgage and/or charge shall not extend or be deemed to extend to any of the assets or to any of the other units or divisions of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditors.
- (d) In particular, with effect from the Appointed Date and upon the Scheme becoming effective, all licenses, sanctions, consents, authorization approvals and permissions (whether statutory or otherwise) of the Transferor Company pertaining to the conduct of its business (including, without limitation, benefits, remissions, special reservations available to the Transferor Company, under any income tax, sales tax (including any benefits related to the deferment of sales tax) and excise (whether modvat or cenvat) laws (whether such laws be enacted at the central and/or state levels including excise credits), shall vest in the Transferee Company and the concerned licensors and grantors of such approvals or permissions, shall endorse and record the Transferee Company on such approvals and permissions so as to empower and facilitate the approval and vesting of the Undertaking of the Transferor Company in the Transferee Company without hindrance or let from the Appointed Date.
- (e) All assets and properties as are moveable in nature, including investments, or are otherwise capable of transfer by physical delivery or by endorsement and delivery, shall stand so transferred by the Transferor Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly and such transfer shall be deemed to have taken place at the Registered Office of the Transferee Company in the State of Andhra Pradesh.
- (f) All debts, outstandings and receivables of the Transferor Company shall accordingly, on and from the Appointed Date and upon the Scheme becoming effective, stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (though the Transferee Company may; if it deems appropriate, give notice to the debtors that the debts stand transferred and vested in the Transferee Company) and the debtors shall be obliged to make payment to the Transferee Company after the Effective Date.

3.2 TRANSFER OF LIABILITIES

- (i) With effect from the Appointed Date and upon the Scheme becoming effective, all debts (whether secured or unsecured), liabilities (including contingent liabilities, whether disclosed or undisclosed), taxes, duties and obligations of every kind, nature and description of the Transferor Company along with any charge, encumbrance, lien or security thereon shall also be vested and stand transferred to and be deemed to be and stand vested in the Transferee Company without any further act, or

instrument or deed pursuant to the Scheme being sanctioned by the High Court under Section 394(2) of the Act so as to become the debts, liabilities, duties and obligations of the Transferee Company from the Appointed Date and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.

- (ii) All the existing securities, mortgages, charges, encumbrances or liens (the Encumbrances), if any created by the Transferor Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Undertaking of the Transferor Company transferred to the Transferee Company, by virtue of this Scheme and in so far as such Encumbrances secure or relate to the liabilities of the Transferor Company, the same shall, after the Effective Date continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company.
- (iii) Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without any prejudice to the foregoing provisions and upon the effectiveness of this Scheme, the Transferee Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charges, with the Registrar of Companies, Andhra Pradesh to give formal effect to the above provisions, if required.

3.3 In consideration of the transfer of undertaking of the Transferor Company, the Transferee Company shall issue its shares to the shareholders of the Transferor Company in terms of Clause 8 of this Part of the Scheme.

3.4 ACCOUNTING MATTERS

- (a) Upon the Scheme becoming effective, Transferee Company shall account for the amalgamation in its books as per the "Pooling of Interests Method" under the Accounting Standard AS 14 "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.
- (b) All the assets and liabilities recorded in the books of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme upon the Appointed Date and shall be recorded by the Transferee Company in its books at their respective book values.
- (c) To the extent that there are any money received, loans, outstandings or balances due, from the Transferor Company to the Transferee Company or vice versa the amount and / or obligations in respect thereof as on the Effective Date shall be extinguished upon the merger of interest between the creditor and debtor and corresponding effect shall be given in the books of account and records of the Transferee Company.
- (d) For any matter arising in connection with the accounting treatment, the same would be finalized in consultation with the Statutory Auditor of the Transferee Company, subject to Accounting Standard -14 issued by the Institute of Chartered Accountants of India.

4. CONTRACTS AND INTELLECTUAL PROPERTY RIGHTS

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Undertaking of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled/eligible, and which are subsisting or have effect immediately before the Appointed Date, shall be in full force and effect on, or against, or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- (b) For the avoidance of all doubt, it is expressly made clear that the transfer of Undertaking of the Transferor Company as contemplated herein, shall not affect the previous operation of any contract, agreement, deed or any instrument or the like to which the Transferor Company is a party or is the beneficiary of (as the case may be) and any reference in such agreements, contracts, deeds and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Effective Date.

5. LEGAL PROCEEDINGS

On and from the Appointed Date and upon the Scheme becoming effective, all suits, actions and other legal proceedings by or against the Transferor Company under any statute or otherwise, whether pending, or arising, before the Appointed Date shall be continued and enforced by or against the Transferee Company.

6. EMPLOYEES

- (a) All permanent employees, if any, of the Transferor Company as on the Effective Date shall as from such date, become employees of the Transferee Company in such position, rank and designation as may be determined by the Transferee Company with the benefit of continuity of service and such that the terms and conditions of their employment with the Transferee Company are not less favourable than those applicable to them as employees of the Transferor Company on such date. With regard to provident fund, gratuity fund, superannuation fund or any other special fund created or existing for the benefit of such employees of the Transferor Company, from the Effective Date the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever in relation to the administration or operation of such fund or funds and the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds or other documents provided that if the Transferee Company considers it desirable for the smooth administration, management, operation and uniformity of such funds, the same may be merged with similar funds of the Transferee Company.

It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the aforesaid schemes, funds and trusts.

- (b) In the event that trustees are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust, gratuity trust or superannuation trust of the Transferor Company, such funds shall be transferred by such trustees of the trusts of the Transferor Company, to separate trusts and the trustees of the Transferee Company set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act 1882, and the Income Tax Act, 1961 and relevant stamp legislations as applicable provided that if the Transferee Company considers it desirable for the smooth administration, management, operation and uniformity of such trusts of the Transferor Company, the same may be merged with similar trusts of the Transferee Company. Appropriate deeds of trusts and/or documents for transfer of trust properties shall be simultaneously executed upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of the Transferee Company so as to continue the benefits of the employees. The provident fund trust, gratuity trust or superannuation trusts of the Transferor Company shall continue to hold such securities, trust funds and/or trust monies as hitherto, till such time as the transfer to the trustees of the Transferee Company employee trusts is made.
- (c) The Transferee Company undertakes to continue to abide by any agreement(s)/settlement(s) entered into by the Transferor Company with any employees of the Transferor Company. The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

7. BUSINESS AND PROPERTY IN TRUST FOR THE TRANSFEE COMPANY

With effect from the Appointed Date and up to and including the Effective Date:

- (a) The Transferor Company shall carry on its business activities with reasonable diligence and business prudence and shall conduct its business in the ordinary course consistent with past practice.
- (b) Until the Effective Date and subject to such consents as may be necessary :
 - (i) the Transferor Company shall carry on and be deemed to have carried on its business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking of the Transferor Company on account of and in trust for the Transferee Company ;
 - (ii) all the profits or incomes accruing or arising to the Transferor Company or expenditure or losses incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrue as profits or incomes or expenditure or losses of the Transferee Company ;

8.0 ISSUE OF SHARES BY TRANSFEREE COMPANY

- 8.1 Upon the Effective Date and in consideration of the amalgamation, including the transfer and vesting of the Transferred Undertaking in the Transferee Company pursuant to Part II of this Scheme, the Transferee Company shall, without any further act or deed and without requirement of payment, issue and allot to each Shareholder of the Transferor Company whose name is recorded in the Register of Members of the Transferor Company subject to extinguishment of shares as set out below, on the Record Date to be fixed in that behalf by the Board of Directors or a Committee thereof of the Transferee Company, in respect of paid-up equity share capital of the Transferor Company as on the Effective Date, in the following manner on the basis of the Exchange Ratio arrived at by M/s. Deloitte Touche Tohmatsu India Private Limited ("DTTIPL") and M/s. KPMG India Private Limited (KPMG) in their reports dated 17th September 2010 and 15th September 2010 respectively read with the certificate of fairness opinion dated 21st October 2010 furnished by M/s. Karvy Investor Services Limited :

10 (Ten) Equity Shares of Rs.10 each in the share capital of the Transferee Company credited as fully paid up for every Fourteen (14) Equity Shares of Rs.10/- each fully paid up held by such members in the share capital of the Transferor Company.

Upon the Effective Date, 9,00,000 equity shares held in the Transferee Company by the Transferor Company shall stand extinguished and no equity shares shall be allotted to the Transferor Company pursuant to this Clause 8.1. Consequently, the subscribed and paid-up share capital of the Transferee Company shall stand reduced upon such extinguishment to the extent of 9,00,000 equity shares.

- 8.2 In case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional share certificates to such shareholder but shall consolidate such fractions and issue consolidated equity shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred and taxes, if any) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.
- 8.3 The equity shares to be issued and allotted by the Transferee Company in terms of Sub-Clause 8.1 above shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company and shall be listed on the Stock Exchanges where the existing shares of the Transferee Company are currently listed and shall be subject to lock in provisions of SEBI (ICDR) 2009, wherever applicable.
- 8.4 Unless otherwise determined by the Board of Directors or any Committee thereof of the Transferee Company, issuance of shares in terms of Clause 8.1 above shall be done within 90 days from the Effective Date.
- 8.5 Issue of shares in dematerialised form:
- (a) In so far as the issue of new equity shares pursuant to Clause 8.1 above is concerned, each of the shareholders of the Transferor Company holding shares in physical form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a Committee of such Board of Directors, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialised form, in lieu of their shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares of the Transferee Company shall be issued to such members in physical form. Those of the members of the Transferor Company who exercise the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Transferee Company shall issue and directly credit the demat / dematerialised securities account of such member with the new equity shares of the Transferee Company.

9.0 DISSOLUTION OF THE TRANSFEROR COMPANY

With effect from the Effective Date, the Transferor Company shall stand dissolved without being wound up.

10. APPROVALS AND MODIFICATIONS

- (a) The Transferor Company and the Transferee Company may jointly assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to the Scheme or to any conditions or limitations which the High Court of Andhra Pradesh and/or the other competent authorities, if any, under any law, may deem fit and approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and may resolve all doubts or

difficulties that may arise for carrying out the Scheme and do and execute all acts, deeds, matters and things necessary for bringing the Scheme into effect. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their respective board of directors, a committee or committee of the concerned board or any director (hereafter referred as the "delegates").

- (b) For the purpose of giving effect to the Scheme or any modifications or amendments thereof or additions thereto the delegate(s) of the Transferor Company and Transferee Company may jointly give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any difficulties, as the case may be, which shall be binding on all parties in the same manner as if the same were specifically incorporated in the Scheme.
- (c) After the dissolution of the Transferor Company, the Transferee Company acting through its board of directors or other persons, duly authorized by its board in this regard, shall be authorized, to take such steps, as may be necessary, desirable or proper to resolve any doubts, difficulties or questions that may arise, whether by reasons of any order of the High Court of Judicature of Andhra Pradesh at Hyderabad or of any directive or order of any other authorities or otherwise, in connection with this Scheme and/or matters concerning or connected therewith.
- (d) If any part of this Scheme hereof is ruled illegal or invalid by, or is not sanctioned by, any High Court, or is unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

11. SCHEME CONDITIONAL UPON

This Scheme is conditional upon the following approvals:

- (a) the approval of the Scheme by the requisite majority of the members and the creditors of the Transferor Company and the Transferee Company, as required under Section 391 of the Act ;
- (b) the sanction of the Scheme by the High Court of Judicature of Andhra Pradesh at Hyderabad under Sections 391 and 394 of the Act and other applicable provisions of the Act, rules and regulations;

12. COSTS, CHARGES AND EXPENSES

Upon the Scheme becoming effective, all costs, charges, taxes including stamp duties, levies and all other expenses, if any, of the Transferor Company and the Transferee Company arising out of or incurred after the Effective Date for carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company (save as otherwise expressly agreed in writing).

13. SANCTION AND APPROVALS NOT FORTHCOMING

Save and except in respect of any act or deed done prior thereto as is contemplated hereunder, or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law, the Scheme shall stand revoked, cancelled and be of no effect if the events or sanctions and approvals referred to in Clause 11 have not occurred or have not been obtained by **31st December 2011** or such extended period as may be agreed in writing between the Transferor Company and the Transferee Company.

IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT HYDERABAD
(ORIGINAL JURISDICTION)

Company Application No. 5 of 2011

IN THE MATTER of the Companies Act, 1956 (1 of 1956)

AND

IN THE MATTER of Section 391 to 394 of the Companies Act, 1956

AND

IN THE MATTER OF Scheme of Arrangement

BETWEEN

AMARESWARI CEMENTS LIMITED

(Transferor Company)

AND

SAGAR CEMENTS LIMITED

(Transferee Company)

AND

THEIR RESPECTIVE SHAREHOLDERS

Sagar Cements Limited

8-2-472/B/2, Road No.1

Banjara Hills, Hyderabad – 500 034

Andhra Pradesh, India

represented by its Executive Director, Mr. S. Sreekanth Reddy

.....Applicant Company

FORM OF PROXY

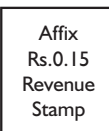
I/We, _____ the undersigned Equity Shareholder(s) of Sagar Cements Limited, the Applicant Company hereby appoint _____ of _____ and failing him/her _____ of _____ as my/our proxy to act for me/us at the Meeting of the Equity Shareholders of the Applicant Company to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028 on Monday, the 7th March 2011 at 3.30 P.M. for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement proposed to be made between Amareswari Cements Limited, the Transferor Company, Sagar Cements Limited, the Transferee Company and their respective Shareholders and at such meeting and any adjournment/ adjournments thereof, to vote, for me/us and in my/our name _____ (here, 'if for' insert 'for', 'if against', insert 'against'.) the said Scheme of Arrangement either with or without modification(s) as my/our proxy may approve.

Dated this _____ day of _____ 2011

Folio No.: _____ No of Shares held _____

D.P.I.D and CLIENT ID* _____ / _____

Name & Address: _____



Signature: _____

- Note:
1. The form of Proxy must be deposited at the Registered Office of the Applicant Company at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad-500034 not later than 48 hours before the commencement of the meeting.
 2. In case of multiple proxies, proxy later in time shall be accepted.
 3. All alterations made in the Form of Proxy should be initialed.

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SAGAR CEMENTS LIMITED

Registered Office : 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad-500034

ATTENDANCE SLIP

Name: _____

D.P.I.D: _____

Folio / Client ID*: _____

No. of Equity Shares held: _____

Name of the Member/Proxy

I hereby record my presence at the meeting of the Members being held in pursuance of the Order of High Court of Judicature of Andhra Pradesh at Hyderabad at Hotel Golkonda, Masab Tank, Hyderabad-500 028 on Monday, the 7th March 2011 at 3.30 P.M.

Signature of Member/Proxy* _____

- NOTE: 1. This meeting is of Members only and you are requested not to bring with you any person who is not a Member.
2. Member/Proxy attending the Meeting should bring the attendance slip
3. Please keep note of the Folio No. and No. of shares with you to facilitate voting at the meeting.

* Delete whichever is not applicable.

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If undelivered, please return to :

SAGAR CEMENTS LIMITED

Registered Office : 8-2-472/B/2, Road No. I, Banjara Hills,
Hyderabad - 500034.