

COROMANDEL

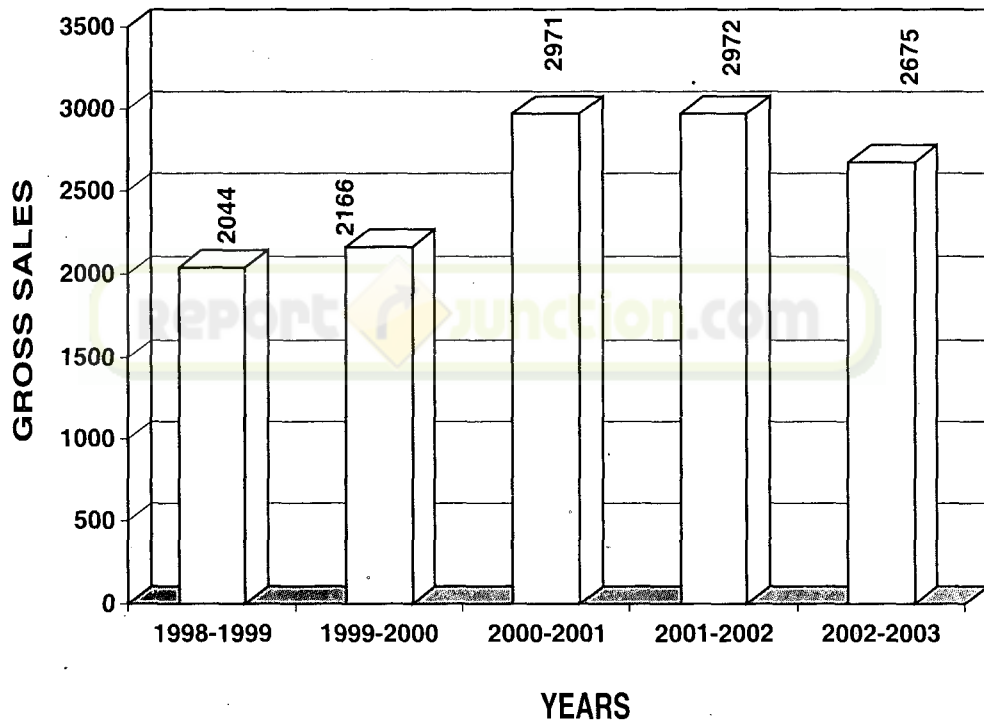
CEMENTS LIMITED

Annual Report
2002-2003



43 & 53 Grade Cement

TURNOVER (Rs. In Lakhs)





BOARD OF DIRECTORS

SRI K. RADHAKRISHNAIAH	CHAIRMAN
SRI S.V. REDDY	NOMINEE DIRECTOR OF APIDC
CAPT. J. RAMA RAO IN (Retd)	DIRECTOR
SRI M.N. RAO	DIRECTOR
SRI S. KISHORE CHANDRA	EXECUTIVE DIRECTOR
SRI S.R.B. RAMESH CHANDRA	Jt. MANAGING DIRECTOR
SRI S. CHANDRA MOHAN	MANAGING DIRECTOR

AUDITORS

A. Rama Chandra Rao & Co.,
Chartered Accountants
3-6-369/A/11, Himayatnagar,
Hyderabad – 500 029.

COST AUDITORS

Narasimha Murthy & Co.,
104, Pavani Estate
Y.V. Rao Mansion, Himayatnagar,
Hyderabad – 500 029

BANKERS

State Bank of India
State Bank of Hyderabad

REGISTERED OFFICE

6-3-652/C/A, Flat 5A,
KAUTILYA, Amrutha Estates
Somajiguda,
Hyderabad – 500 082

WORKS

Ramapuram
Mellacheruvu Mandal,
Nalgonda Dist.
ANDHRA PRADESH – 508 246



NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Company will be held on Wednesday the 24th day of September 2003 at 9.30 A.M at Conference Hall, Hotel Palace Heights, Abids, Hyderabad – 500 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended 31st March, 2003 and Balance sheet and Cash Flow Statement as on that date together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Sri K. Radhakrishnaiah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri S.V. Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. A. Ramachandrarao Rao & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

By order of the Board
For **COROMANDEL CEMENTS LIMITED**

Sd/-
S.CHANDRA MOHAN
Managing Director

Place: Hyderabad
Date: 31-07-2003

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member. The Proxies, should however be deposited at the Registered Office of the Company not later than 48 Hours before commencement of the Meeting.
2. The Share Transfer Books of the company shall remain closed from 16th September 2003 to 24th September 2003 (both days inclusive).
3. Members desiring any information are requested to write to the Company at its Registered Office: 6-3-652/C/A, Flat 5A, KAUTILYA, Amrutha Estates, Somajiguda, Hyderabad – 500 082 well in advance of the date of the Annual General Meeting to enable the Management to keep the information ready.
4. Members are requested to bring their copies of Annual Report to the Annual General Meeting.
5. Members/Proxies should bring the attendance slip sent here with duly filled in for attending the Meeting.

By order of the Board
For **COROMANDEL CEMENTS LIMITED**

Sd/-
S. CHANDRA MOHAN
Managing Director

Place: Hyderabad
Date: 31-07-2003



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March 2003.

FINANCIAL RESULTS:

The Operating Results for the Year are as under

(Rs. in lacs)

	2002-03	2001-02
Sales and Other Income	2679.13	2976.48
Profit before Depreciation & Interest	220.47	268.06
Less: Depreciation	89.55	88.61
Interest	114.18	114.19
Profit before Tax	16.74	65.26
Provision for Tax	1.35	5.00
Net Profit after Tax	15.39	60.26

OPERATIONS

Your Directors are glad to report that the Company has maintained satisfactory Production and Sales levels. During the year the Company achieved production of 1,31,038 MTs. of Cement (Previous year 1,28,848 MTs) and sold 1,29,668 (Previous year 1,30,108 MTs) and the Company has produced 1,39,509 MTs of Clinker during the year (previous year 1,35,005 MTs).

During the year, Power and Coal consumptions are reduced by 5.77 units and 1.56% respectively by virtue of energy conservation measures undertaken in Power and Coal consumptions when compared to previous year consumption. This was possible due to continuous efforts put in by the Management and all the employees.

FUTURE OUTLOOK

The Annual Demand for Cement is expected to increase by 8-9% with Government's emphasis on Infrastructure and Housing Development. The continuing priority given by Government for the above two sectors coupled with present low per capita consumption of Cement in India compared to other developed nations and easy availability of finance for Housing / Infrastructure on softer terms goes in a long way for the future demand of Cement.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors state:

- that in preparation of the annual accounts, applicable accounting standards have been followed and there were no material departures there from except as otherwise explained in the notes to accounts.
- that the directors 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 as on 31st March, 2003 and Profit & Loss account of the Company for the year ended 31st March, 2003.
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for



safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:

- iv) the accounts were prepared on a going concern basis.

DIRECTORS

Sri K. Radhakrishnaiah and Sri S.V.Reddy retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

A. Ramachandra Rao & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting and they are eligible for re-appointment.

COST AUDITORS

The Central Government prescribed the appointment of Cost Auditor under Sec. 233B of the Companies Act 1956 and M/s Narasimha Murthy & Co., are appointed as Cost Auditors for the year 2002-03

PARTICULARS OF EMPLOYEES

There are no employees falling within the purview of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information on conservation of energy, technology absorption, foreign exchange earnings and out go as required to be disclosed in terms of Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed thereto (Annexure-I) and forms part of this report.

CORPORATE COMMITMENT TO THE COMMUNITY

The Company is supplying drinking water to Ramapuram Village regularly by Tractor Tankers and also given financial help for drilling of bore well for improving the drinking water facilities in Ramapuram Village.

The Company is continuously contributing for the Education Committee of ZPHS, Ramapuram for upgradation of Education facilities in Ramapuram and also provided Meal Plates and glasses for the school children of Ramapuram in support to Mid Day Meal Programme launched by the Andhra Pradesh Government.

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation and sincere thanks to the Stat Bank of India, State Bank of Hyderabad, Andhra Pradesh Industrial Development Corporation Limited, various Departments of Central and State Governments for their valuable guidance and assistance extended during the year under review. Your Directors would like to thank all the Share Holders, Dealers and Consumers for the confidence reposed in the company. Your Directors wish to place on record the deep sense of appreciation of the devoted services rendered by the Executives, Staff and Workers of the Company at all levels.

For and on behalf of the Board

Place: Hyderabad

Date: 31-07-2003

K. RADHAKRISHNAIAH

Chairman



ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – I

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988.

A. Conservation of Energy

a. Energy Conservation Methods adopted :

Conservation of energy continues to be accorded with priority. Efforts are being made in monitoring, on a continuous basis, for energy conservation.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

The company is making efforts to identify the areas for reduction of consumption of energy.

c. Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of production of goods:

The benefit and significance of the measures is evident from lower consumption of energy.

d. The total energy consumption and energy consumption per unit of production.

The above information is given in the prescribed Form – A annexed.

B. Technology Absorption

Particulars are given in Form "B" annexed:

C. Foreign Exchange savings and outgo

a. Activities relating to exports, initiatives taken to increase export, development of new export market for production & services and export plans.

The company presently is not envisaging any export market for production & services and export plans.

b. Total foreign exchange used and earned : NIL



FORM – A
(See Rule – 2)
**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY**

	For the Year ended 31.03.2003	For the Year ended 31.03.2002
A. POWER AND FUEL CONSUMPTION		
1. Electricity:		
a. Purchased		
Units (Nos.)	1,31,51,355	1,37,05,120
Amount (Rs.)	5,21,46,701	5,56,92,006
Rate/Unit (Rs.)	3.97	4.06
b. Own Generation		
i) Through Diesel Generator (Unit/Nos.)	42,792	43,208
Units per Ltr. Of Diesel Oil	3.31	3.27
Cost/Unit (Rs.)	5.83	5.14
ii) Through Steam Turbine Generator Unit per Ltr. Of Fuel Oil / Gas Cost/Unit (Rs.)	—	—
2. Fuel :		
Coal used in Kiln:		
Quantity (MTs)	25,902	27,180
Total Cost (Rs.)	4,82,40,327	4,89,21,950
Average Rate(Rs.)	1862.42	1799.92
3. Furnace Oil	—	—
4. Others/Internal Generation	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION		
Standard Production (with details)	OPC	OPC
Electricity (Units/Ton of Cement)	94.62	100.39
Coal (% on Clinker)	18.57	20.13

FORM – B
(See Rule-2)
**FORM OF DISCLOSURE OF PARTICULARS WITH
RESPECT TO TECHNOLOGY ABSORPTION**

RESEARCH AND DEVELOPMENT (R&D) : **NIL**

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

The company has made several efforts to bring down Power and Coal Consumptions.

We have introduced various systems with the help of our consultant Sri A.M. Marathe and In-house R&D and achieved a reduction of 5.77 units of Power per MT of Cement and 1.56% in Coal consumption per MT of Clinker.



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

The Company's philosophy on the code of Corporate Governance is:

- (i) To ensure that adequate control system exists to enable the board to effectively discharge its responsibility to all the shareholders of the company.
- (ii) To ensure that the decision making process is fair and transparent.
- (iii) To ensure the fullest commitment of the Management and the board to the maximization of shareholders value.
- (iv) To ensure that the employees of the company subscribe to the corporate values and apply them in their conduct and to ensure that the company follows globally recognized Corporate Governance practices.

2. Board of Directors:

(i) Composition : the details of composition and categories of Directors are:

Particulars	Category	Designation	No. of meetings held	No. of meetings attend	Whether attended last Annual General Meeting (Y/N)	No. of Directorship in other Boards	No. of Membership in other Committees
Sri K. Radha Krishnaiah	Non-Executive Director	Chairman	5	3	No	Nil	Nil
Sri S.Chandra Mohan	Executive Director	Managing Director	5	5	Yes	Nil	Nil
Sri S.R.B. Ramesh Chandra	Executive Director	Joint Managing Director	5	5	Yes	Nil	Nil
Sri S.Kishore Chandra	Executive Director	Executive Director	5	3	No	Nil	Nil
Sri M.N.Rao	Independent & Non-Executive Director	Director	5	5	Yes	8	10
Capt. J. Rama Rao	Independent & Non-Executive Director	Director	5	5	No	Nil	Nil
Sri S.V.Reddy	Independent & Non-Executive Director	Nominee Director	5	5	No	3	Nil



Meeting of Board of Directors

During the Financial year 2002-03 the Board of Directors met on the following dates: 15th May 2002, 3rd August 2002, 12th September 2002, 5th November 2002 and 27th January 2003.

3. Board level committees:

Audit committee: As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted consisting of two Independent Directors and one Non-Executive Director as Sub-Committee to the Board. The functions of the Audit Committee are:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgments by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. Reviewing with the management and auditors, the adequacy of internal control systems.
- e. Discussion with auditors before the audit commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- f. Reviewing the company's financial and risk management policies.
- g. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- h. The Audit committee shall have full access to information contained in the records of the company and external professional advice, if necessary.
- i. The recommendations of the Audit Committee on any matter relating to financial management including the audit report, shall be binding on the Board.