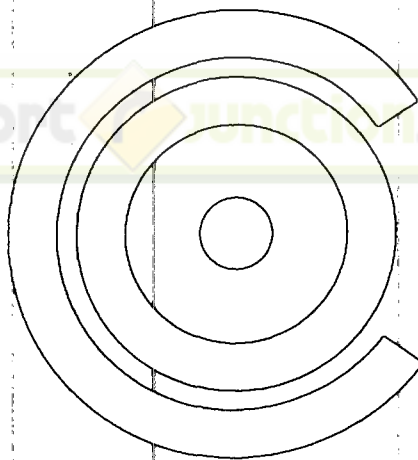


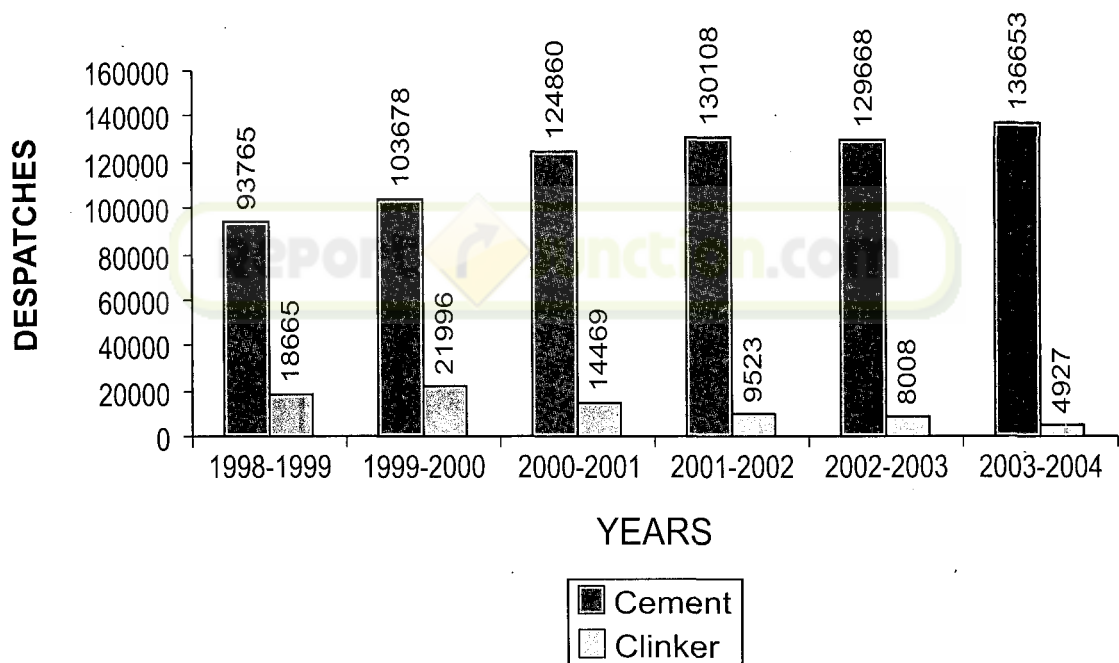
ANNUAL REPORTS L
COROMANDEL
CEMENTS LIMITED

Annual Report
2003-2004



43 & 53 Grade Cement

CEMENT & CLINKER DESPATCHES



**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

SRI K.A.N. SUBBA RAO

COMPANY SECRETARY

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 25th Annual General Meeting of the Company will be held on Thursday the 23rd day of September 2004 at 10.00 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, 2004 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 Capt. J Rama Rao (Retd.), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri M. N. Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. A. Ramachandra 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.

B. SPECIAL BUSINESS:

5. INCREASE OF AUTHORISED CAPITAL:

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary resolution.

"RESOLVED THAT pursuant to section 94 and other applicable provisions, if any, of the Companies Act 1956 the Authorised Share Capital of the company be and is hereby increased from Rs.7,00,00,000/- (Rupees Seven Crores only) to Rs.15,50,00,000/- (Rupees Fifteen Crores Fifty Lakhs only) divided into 1,10,00,000 Equity Shares of Rs.10/- (Rupees Ten only) each and 4,50,000 preference shares of Rs.100/- (Rupees Hundred only) each by addition of Rs.8,50,00,000/- divided into 40,50,000 Equity Shares of Rs.10/- (Rupees Ten only) each and 4,45,000 Preference Shares of Rs.100/- (Rupees Hundred only) each to the existing Authorised Capital of Rs.7,00,00,000/- divided into 69,50,000 Equity Shares of Rs.10/- (Ten only) each and 5,000 preference shares of Rs.100/- (Rupees Hundred only) each ranking parri passu with the existing equity shares of the Company."

6. ALTERATION OF MEMORANDUM OF ASSOCIATION:

To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956 the Memorandum of Association of the company be altered as follows:

— By substituting the existing clause V (a), with the following clause

The Authorised share Capital of the Company is Rs.15,50,00,000/- (Rupees Fifteen Crores Fifty Lakhs only) divided into 1,10,00,000 Equity Shares of Rs.10/- (Rupees Ten only) each



and 4,50,000 Preference Shares of Rs.100/- (Rupees Hundred only) each to be increased or reduced in accordance with the relevant Provisions of the Companies Act, 1956".

7. ALTERATION OF ARTICLES OF ASSOCIATION:

To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution.

"RESOLVED THAT pursuant to section 31 of the companies Act, 1956 the Articles of Association of the Company be altered as follows:

— By substituting existing regulation 3, with the following:

"The Authorised Share Capital of the company shall be as specified in clause V. (a) of the Memorandum of Association of the Company".

8. ISSUE OF FURTHER EQUITY SHARES ON PREFERENTIAL BASIS:

To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution:

"RESOLVED THAT pursuant to section 81(1A) and all other applicable provisions, if any of the companies act, 1956 (including any amendment thereto or re enactment thereof) read with the Articles of association of the company and subject to all applicable rules, regulations and guidelines issued by the Securities and Exchange Board of India (hereinafter referred to as SEBI), stock exchanges and such approvals, permissions, sanctions and consents as may be necessary and required under applicable laws, rules and regulations and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions and consents, as the case may be), which may be accepted by the Board of Directors of the company and subject to any alteration, modification, corrections, changes and variations that may be decided by the Board of Directors in their discretion, the consent of the company be and is hereby accorded to the Board of Directors to offer, issue, allot and deliver in one or more stretches on a private placement and / or preferential allotment basis 6,36,500 equity shares of the company of the face value of Rs. 10/-each to :

- (i) Sri S.Chandra Mohan
- (ii) Sri S.R.B.Ramesh Chandra
- (iii) Sri S.Kishore Chandra
- (iv) Sri S. Chandra Mohan (HUF)
- (v) Sri S.R.B.Ramesh Chandra (HUF)
- (vi) Sri S.Kishore Chandra (HUF)
- (vii) Smt. S. Lakshmi Mohan
- (viii) Smt. S. Vimala Kumari
- (ix) Smt. S. Sashi Rekha

at a price of Rs. 10/- per share, being a price which is higher than the minimum price specified as per SEBI(Disclosure and Investor Protection) Guide lines, 2000 ("SEBI DIP Guidelines"), and that the shares so issued shall rank pari passu in all respects, with the existing Equity Shares of the company."



"RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid special resolution, the Board of Directors of the company be and are hereby authorized to take such steps and do all such acts, deeds, matters and things and effect or accept any modification(s), alteration(s) or amendment(s) or correction(s) as they may deem fit and appropriate and / or give such directions and instructions as may be necessary to settle any question, difficulty or doubt that may arise in regard to the offer, issue or allotment of the said Equity Shares and also to seek the listing of such Equity Shares on one or more Stock Exchanges of India."

9. ISSUE OF NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES:

To consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution.

"RESOLVED THAT the consent of the company be and is hereby obtained to issue 4,00,000 non-cumulative redeemable preference shares of Rs.100/- each to be issued at par".

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to allot such preference shares on such terms and to such unsecured creditors and in such time intervals as may be decided by them."

"RESOLVED FURTHER that the shares may be redeemed by the company at any time after the expiry of six years from the date of issue."

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

Sd/-

K.A.N. SUBBA RAO
Company Secretary

Place: Hyderabad
Date: 23-08- 2004

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 2004 to 23rd September 2004 (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.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5,6 & 7 of the Notice:

In view of the size of project proposals under consideration it has become necessary to enhance the present authorised share capital by a sum of Rs. 8,50,00,000/- (Rupees Eight Crores Fifty Lakhs only). After the alteration the Authorised Share Capital will be Rs.15,50,00,000/- from the present Authorised Share Capital of Rs.7,00,00,000/-. This requires alterations in the capital clause in the Memorandum as well as Articles of Association of the company.

None of the directors of the company are concerned or interested in the above resolution.

Item No. 8 of the notice:

The information as required under clause 13.1A of the SEBI (Disclosure & Investor Protection) Guidelines 2000 is as under:

A) OBJECT OF THE ISSUE:

The Company, in order to secure finance for its Electrostatic Precipitator (Pollution Control Equipment), has approached its Bankers to obtain a loan facility of Rs.1.00 Crore. The Bankers have agreed to provide the loan facility subject to the condition that the promoters shall infuse fresh funds to the tune of Rs.25 Lakhs and also convert the unsecured loans of Rs.63.65 Lakhs brought in by the promoters into equity to improve current financial ratios.

Hence, the object of the present issue of equity shares to the proposed allottees is to convert a part of existing unsecured loans of Rs. 63.65 Lakhs into equity as per one of the stipulations of the loan agreement entered by the Company to improve the current financial ratios and to be eligible to avail the loan from the Consortium Bankers viz., SBI, IFB Branch, Somajiguda & SBH Chikkadpally Branch, Hyderabad.

B) INTENTION OF PROMOTERS / DIRECTORS/ KEY MANAGEMENT PERSONS TO SUBSCRIBE TO THE OFFER:

The proposed allottees being, Directors and their family members who are the promoters of the company are subscribing the said issue, so as to comply with the covenants of the loan agreement.

Except the proposed allottees, none of the Promoters / Directors / Key Management intend to subscribe to the offer being proposed for the shareholders approval.

C) SHARE HOLDING PATTERN, BEFORE AND AFTER ISSUE:

PATTERN OF SHAREHOLDING BEFORE ISSUE:

Sl.No	Category	No of shares	%
1.	Promoters	28,92,860	64.77
2.	Financial Institutions & banks	—	—
3.	Foreign Institutional Investors	—	—
4.	Non-Resident Indians	—	—
5.	Corporate Bodies	—	—
6.	Mutual Funds & UTI	—	—
7.	Others	15,73,850	35.23
	Total	44,66,710	100.00

**PATTERN OF SHAREHOLDING AFTER ISSUE:**

Sl.No	Category	No of shares	%
1.	Promoters	35,29,360	69.16
2.	Financial Institutions & banks		
3.	Foreign Institutional Investors	—	—
4.	Non-Resident Indians	—	—
5.	Corporate Bodies	—	—
6.	Mutual Funds & UTI	—	—
7.	Others	15,73,850	30.84
	Total	51,03,210	100.00

D) PROPOSED TIME WITHIN WHICH THE ALLOTMENT SHALL BE COMPLETED:

The Proposed allotment shall be completed within 15 days from 23rd September 2004 being the date on which shareholders sanction is obtained for the preferential allotment.

E) IDENTITY OF THE PROPOSED ALLOTTEES AND THE PERCENTAGE OF POST PREFERENTIAL ISSUE CAPITAL THAT MAY BE HELD BY THEM.

All the proposed allottees are the existing directors and their family members, who are the promoters of the Company, a brief profile of each of the allottee is being given below for the information of the shareholders

Name	Sri.S.Chandra Mohan	Sri. S.R.B.Ramesh Chandra	Sri. S.Kishore Chandra
Designation	Managing Director	Joint Managing Director	Executive Director
Age	53Years	49Years	46Years
Experience	30 Years	27 Years	25 Years
Qualification	M.Com.,	B.Com., B.L.,	B.Sc.,
Post issue holding	14.36%	14.30%	14.26%

Name	Sri.S.Chandra Mohan (HUF)	Sri. S.R.B.Ramesh Chandra (HUF)	Sri. S.Kishore Chandra (HUF)
Post issue holding	1.39%	1.40%	1.39%

Name	Smt.S.Lakshmi Mohan	Smt.S.Vimala Kumari	Smt.S.Sashi Rekha
Post issue holding	1.21%	1.15%	1.45%



Since all the Allottees together are already holding 64.77% of shares in the Company, the proposed issue will not result in further change in the management or control of the Company. However there will be a consequential change in voting rights / shareholding of the Company.

As per Section 81 of the Companies Act, 1956 and the Provisions of the Listing Agreements which have been entered into by the Company with the Stock Exchanges on which the Company's shares are Listed, as and when it is proposed to increase the issued capital of the Company by the allotment of the further shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the Section 81 unless the Shareholders in the General Meeting decide otherwise by passing a Special Resolution.

Accordingly, the SEBI(DIP) Guidelines require certain matters to be stated in the Resolution which is required to be passed under Section 81(1A) of the Companies Act, 1956, and in the Explanatory Statement in respect of such resolution.

Hence, consent of the Shareholder by way of Special Resolution is being sought for the issue of the shares on a Preferential Allotment basis.

The Board recommends the resolution for your approval.

None of the directors of the company, except the proposed allottees, are interested in the proposed resolution.

Item No. 9 of the Notice :

In view of the size of project proposals under consideration it has become necessary to improve the capital base and the current financial ratios of our company. Your directors are very much confident that this can contribute to the expansion of our company's activities.

Hence your directors decided to issue preference shares to the un-secured creditors of the company. This requires consent of the members by way of special resolution. So they placed before you this resolution for your approval.

None of the directors of the company are concerned or interested in the proposed resolution.

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

Sd/-
K.A.N. SUBBA RAO
Company Secretary

Place: Hyderabad
Date: 23-08-2004



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 25th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March 2004.

FINANCIAL RESULTS:

The Operating Results for the Year are as under

	(Rs. in lacs)	
	2003-04	2002-03
Sales and Other Income	2722.03	2679.13
Profit before Depreciation & Interest	169.99	220.47
Less: Depreciation	54.33	89.55
Interest	112.71	114.18
Profit before Tax	2.95	16.74
Provision for Tax	0.25	1.35
Net Profit after Tax	2.70	15.39

NOTE:

The Government of India has hiked the Excise Duty for Cement during the year under review by Rs.50/- per MT. Your Company has absorbed a large part of the hike in Excise Duty and could not pass on the same to the consumers due to adverse market conditions during first six months which has led to reduced profit for the year.

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 1,36,510 MTs. of Cement (Previous year 1,31,038 MTs) and sold 1,36,653 MTs(Previous year 1,29,668 MTs) and the Company has produced 1,38,465 MTs of Clinker during the year (previous year 1,39,509 MTs).

During the year, Power and Coal consumptions are reduced by 1.48 units and 0.22% 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 continuous priority given by both the Central and the State Governments for Irrigation Infrastructure and Housing should give required fillip to the Cement Industry in the coming years. The low per capita consumption of Cement in India compared to other developing countries and easy availability of finance for Housing and Infrastructure on softer terms goes in a long way for the future demand of Cement.