



18th ANNUAL REPORT 2000-2001

Suvarna
Cements Limited

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Suvama Cements Limited

Board of Directors

Sri J S Krishna Murthy, Chairman

Sri J S Rao

Sri J V Choudary

Sri J Sivaram Prasad

Sri Arvind Mahadev Marathe

Sri C Madhusudana Rao

Smt. J Triveni, Managing Director

Auditors :

**M/s. K.S.Rao & Company
Chartered Accountants
Hyderabad.**

Cost Auditors :

**M/s Narasimha Murthy & Co.
Cost Auditors
Hyderabad.**

Bankers :

**Canara Bank
Somajiguda
Hyderabad**

Registered Office & Factory :

**Mellacheruvu (Village & Mandal)
Nalgonda District
Andhra Pradesh - 508 246**

Administrative Office :

**6-3-682
Panjagutta
Hyderabad - 500 082**

Share Transfer Agents :

**M/s. Ikon Visions (P) Ltd.
Flat No.33 Sanali Heavens
8-3-948 Ameerpet
Hyderabad - 500 073-A.P.**



Suvarna Cements Limited

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of Suvarna Cements Limited will be held on Friday, the 28th day of September, 2001 at Registered Office & Factory : Mellacheruvu (Village & Mandal), Nalgonda District - 508 246 A.P. at 12.00 noon to transact the following business:

Ordinary Business:

1. To receive, consider and adopt audited Profit & Loss Account for the year ended 31st March, 2001 and Balance Sheet as at that date and the Director's Report and of Auditor's Report thereon.
2. To appoint a Director in place of Sri J Sivaram Prasad, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri J V Choudary, who retires by rotation, and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 224 and Other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors, M/s K.S. Rao & Company, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors, in addition to travelling and other out of pocket expenses."

Special Business:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Sri Arvind Mahadev Marathe, who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company, in the meeting of the Board of Directors held on 31st January, 2001 and who holds the office as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Sri Arvind Mahadev Marathe as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."
6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Sri C. Madhusudana Rao, a Director who was appointed as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company, in the meeting of the Board of Directors held on 31st January, 2001 and who holds the office as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Sri C. Madhusudana Rao as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

By Order of the Board

Place: Hyderabad.

J Triveni

Date : 11th July, 2001.

Managing Director

Notes:

- a. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and proxy need not be a member of the Company.
- b. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the Commencement of the Meeting.
- c. The Register of Members and Share Transfer Register of the Equity Share holders will remain closed from 25-09-2001 to 28-09-2001 (both days inclusive).
- d. Members are requested to notify any change in their address immediately to the Share Transfer Agents
- e. Members are requested to bring their copies of Annual Reports to the Meeting

Appointment / Re-appointment of Directors :

At the ensuing Annual General Meeting, Sri J. Sivaram Prasad, Sri J. V. Choudary retire by rotation and being eligible offer themselves for re-appointment. Sri Arvind Mahadev Marathe and Sri C. Madhusudana Rao are being appointed as Directors liable to retire by rotation. The information or details to be provided for the aforesaid Directors under Corporate Governance Code are as under:

1. Name: Sri J. Sivaram Prasad Age: 42 years
Qualifications: F.C.A Expertise: Overall management



Suvarna Cements Limited

including Finance & Technical. Director of the Company from 15.3.1999. He is also member of Audit Committee and Share Transfer Committee of the company. **Other Directorships:** Kakatiya Cement Sugar & Industries Ltd. (Executive Director) , & Kakatiya Finance & Leasing Co. Ltd.

2. **Name:** Sri J. V. Choudary. **Age:** 47 years
Qualifications: B.Com, I.R.P.M **Expertise:** Industrialist. Director of the company from 27.6.2000.
Other Directorships: Managing Director of Kakatiya Textiles Ltd. & JSK Aqua Minerals Pvt. Ltd., Chairman of Vijaya Estates & Holding Pvt. Ltd. Director for Hyderabad Bottling Co. Ltd., Hyderabad FlexTech Ltd. JSK Holdings Pvt. Ltd. Srivenkateswara Crowns Pvt. Ltd. and Stypack Agri Exports Pvt. Ltd.,

3. **Name:** Sri Arvind Mahadev Marathe **Age:** 64 years
Qualifications: Diploma in Mechanical Engineering.
Expertise: More than 35 years experience in Cement industry and process Engineering. Director of the company from 31.1.2001. He is also Ex-Managing Director of Deccan Cements Ltd. **Other Directorships:** Active Power Corporation Ltd., and Trans Asia Technology Resources Ltd.,

4. **Name:** Sri. C. Madhusudana Rao **Age:** 64 years
Qualifications: B.Com. F.C.A **Expertise:** vast experience in Finance & Auditing. Director of the company from 31.1.2001. He is also member of Audit committee of the company. **Other Directorships:** Kakatiya Cements Ltd., Sri Balaji Permanent Fund Ltd., Venkateswara Housing Pvt. Ltd. and Chairman for Chundur Chit Funds Pvt. Ltd.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 5 & 6 :

Sri Aravind Mahadev Marathe and Sri C. Madhusudana Rao were appointed as Additional Directors of the Company, in accordance with Section 260 of the Companies Act, 1956 and pursuant to Article 108 of Articles of Association of the Company, by the Board of Directors at their meeting held on 31st January, 2001 and as per provisions of Section 260 of the Companies Act, 1956 they hold their respective offices upto this Annual General Meeting.

NOTICES as required under Section 257 of the Companies Act, 1956 together with the requisite deposit has been received from the member's proposing the appointment of Sri Aravind Mahadev Marathe and Sri C. Madhusudana Rao as directors of the company.

The appointment of Sri Aravind Mahadev Marathe and Sri C. Madhusudana Rao will benefit the Company in view of their background and valuable experience.

Your Directors commend the resolution for your approval.

None of the Directors, except Sri Aravind Mahadev Marathe and Sri C. Madhusudana Rao are interested in these resolutions.

By order of the Board

Place : Hyderabad.
Date : 11th July, 2001.

J Triveni
Managing Director

Directors' Report

To Members

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2001.

Operations:

During the year under review your company has produced 131822 MT of Clinker, 103028 MT of Cement as against 141909 MT; 108320 MT. We have sold cement of 104281 MT and clinker of 15730 MT as against 108309 MT and 37862 MT respectively during the previous year.

Financial Results:

The financial results for the year ended 31.3.2001 are summarised below.

	Rs.in lacs.	
	Current year	Previous year
Income (sales and other income)	2538.81	2376.07
Profit / (Loss) before Interest and Depreciation	251.87	(58.67)
Interest	67.03	85.89
Depreciation	79.01	78.68
Net profit / (Loss) for the year	105.83	(223.24)
Loss Brought forward	1262.05	1038.81
Loss carried to Balance sheet	1156.22	1262.05

Future outlook:

Inspite of the recession in the cement industry and low prices in the first half of the year under review your company could earn reasonable profit during the year under review. The outlook for the cement industry appears to be good in view of the initiatives proposed by Government in the area of infrastructure development



Suvarna Cements Limited

including national highway projects, rural roads and housing sector. Proposals are under consideration for the expansion of installed capacity of the plant.

Dividend:

Due to losses brought forward from previous years, the Board is constrained not to recommend dividend for the year under review.

Fixed Deposits:

Your company has not accepted any fixed deposits and as such no amount of principle or interest was outstanding as of the balance sheet date.

Allotment of Shares:

As per the directions of BIFR, the company has converted un-secured loan of Rs. 200 lacs into equity and allotted 20,00,000 Equity Shares of Rs. 10/- each.

Insurance:

The properties of the company including its buildings, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

Directors Responsibility Statement:

Pursuant to provisions of Section 217 (2AA) of the Companies (Amendment) Act 2000, the Board of Directors State :

- (i) that in preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year ;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ;
- (iv) that the directors have prepared the accounts on a going concern basis.

Corporate Governance:

According to the listing agreement entered into by the company with the Stock Exchanges, your company is required to comply with requirements of corporate governance by 31st March, 2002. The company has pleasure to inform that most of the provisions are already complied with and information on Corporate Governance is given in Annexure - B which forms part of this report.

Directors :

Sri. Arvind Mahadev Marathe and Sri. C. Madhusudhana

Rao were appointed as Additional Directors during the year from 31st January, 2001. They hold office upto the date of ensuing Annual General Meeting and are eligible for re-appointment. The company has received notices under section 257 of the Companies Act, 1956, proposing their appointment as Directors, subject to retirement by rotation.

Sri J. Sivaram Prasad and Sri. J.V. Choudary retire by rotation and being eligible offer themselves for reappointment.

Auditors :

M/s K S Rao & Co., Chartered Accountants retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. The company has received a certificate from them that their re-appointment, if made, would be within prescribed limits Under Section 224 (1B) of the Act.

Auditors Comments :

Your Auditors of the company have commented upon the non provision of Excise Duty liability of Rs. 40,59,815/-. In this regard we request you to refer note No. 6 of Schedule No. I which is self explanatory in nature.

Energy, Technology and Foreign Exchange :

Particulars on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo 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 hereto (Annexure A) which forms part of this report.

Particulars of employees :

There were 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 by the Companies (Amendment) Act, 1988, during the year.

Acknowledgement :

Your Directors take this opportunity to place on record their sincere appreciation of the timely assistance and co-operation extended by the Canara Bank, BIFR and various other Government Bodies, and look forward to receiving their continued support.

Your Directors also wish to place on record their appreciation of the services rendered and co-operation extended by the Workmen, Staff, Dealers, Customers and Other concerned.

For and on behalf of the Board

Place: Hyderabad.

Date : 11th July, 2001

J.S. KRISHNA MURTHY

Chairman


Annexure 'A'

Information as required under Section 217(1)(e) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

FORM - A

Form for disclosure of particulars with respect to conservation of energy.

		Current Year	Previous year
A.	Power and Fuel Consumption:		
1.	Electricity:		
a.	Purchased		
	Units(Nos.)	1,19,68,303	86,34,685
	Amount (Rs)	5,14,14,745	3,57,94,035
	Rate/Unit(Rs.)	4.30	4.16
b.	Own Generation:		
	i) Through Diesel Generator		
	Units (Nos.)	31,73,523	73,85,930
	Units per Ltr.of Diesel Oil	3.35	3.44
	Cost/Unit (Rs.)	4.37	3.14
	ii) Through Steam Turbine/Generator:		
	Units (Nos.)		
	Units per Ltr.of Fuel Oil Gas	Nil	Nil
	Cost/Unit (Rs.)		
2.	Coal and Lignite used as fuel in Kiln:		
	Quantity (M.T.)	33,841	33,846
	Total Cost (Rs.)	5,55,85,567	5,52,79,522
	Average Rate/M.T. (Rs.)	1,642.55	1,633.26
3.	Furnace Oil	Nil	Nil
4.	Others/Internal Generation	Nil	Nil
B.	Consumption per unit of Production:		
	Electricity (Units)	115	111
	Furnace Oil	Nil	Nil
	Coal	0.257	0.239
	Others(Specify)	Nil	Nil


FORM - B
Form for disclosure of particulars with respect to Technology Absorption
Research and Development (R&D):

1. Specific areas in which R&D carried out by the Company
2. Benefits derived as a result of the above R&D
3. Future Plan of Action : No research & development has been carried out during the period and no expenditure incurred.
4. Expenditure on R&D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R&D expenditure as a percentage of total turnover

Technology absorption, adoption and innovation:

1. Efforts, in brief, made towards technology absorption, adoption and innovation : There has been no absorption, or innovation of any new technology.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, production development, import substitution etc. : —
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished :
 - a) Technology : No Technology has been imported
 - b) Year of Import
 - c) Has Technology been fully absorbed
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action :

Foreign Exchange earnings & outgo:

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : NIL
2. Total foreign exchange used and earned
 - a) Foreign Exchange used : NIL
 - b) Foreign Exchange earned : NIL



Annexure 'B' to the Directors' Report Report on Corporate Governance

Company's Philosophy on Code of Governance :

Your Directors philosophy on Corporate Governance aimed at the attainment of the effective internal control, fair and efficient conduct of its business, and fullest support of the Board and Management for enhancing customer satisfaction and share holders value.

Composition of Board :

The Board comprises seven Directors of which one is Managing Director. The non-executive directors bring with them rich and varied experience in different facets of corporate functioning. They play active role in the meeting of the Board. The Chairman of the Board is a non-executive director. The composition of the Board is in conformity with the amendments in the listing agreement.

Tenure :

As per the statute two thirds of the total strength of the Board of Directors should be subject to retirement by rotation. Further, one third of the directors liable to retire by rotation are required to retire every year. This is being implemented.

Board Meetings :

During the year under review, 8 meetings of the Board of Directors were held (as against the minimum requirement of 4 meetings) on the following dates namely, 25th April, 2000, 25th May, 2000, 27th June, 2000, 6th July, 2000, 29th July, 2000, 30th August, 2000, 30th October, 2000 and on 31st January, 2001.

Attendance :

The Attendance at various meetings of the Board of directors and the Annual General Meetings is as follows :

Directors	No. of Meetings Attended	Attended Last AGM
Sri. J.S. Krishna Murthy	6	Yes
Sri. J.S. Rao	8	Yes
Sri. J.V. Choudary	6	Yes
Sri. J. Sivaram Prasad	5	Yes
Sri. Arvind Mahadev Marathe *	1	—
Sri. C. Madhusudhana Rao *	1	—
Smt. J.Triveni **	6	Yes

* Appointed as Director w.e.f. 31.1.2001.

** Appointed as Managing Director w.e.f. 27.6.2000.

Number of other Directorships held :

Name of the Directors	Category	Number of other Directorships held
Sri. J.S. Krishna Murthy	Promoter – Chairman	11
Sri J.S. Rao	Promoter – Non Executive Director	10
Sri J.V. Choudary	Promoter – Non Executive Director	8
Sri. J.Sivaram Prasad	Non Executive Director	2
Sri. Arvind Mahadev Marathe	Non Executive Director	2
Sri. C. Madhusudhana Rao	Non Executive Director	4
Smt. J. Triveni	Managing Director	1