



20th ANNUAL REPORT 2002-2003

Suvarna
Cements Limited



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 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

State Bank of India
Industrial Finance Branch
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.



Suvurna Cements Limited

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of Suvurna Cements Limited will be held on Tuesday, the 30th day of September, 2003 at the Registered office & Factory: Mellacheruvu (Village & Mandal), Nalgonda District - 508 246 Andhra Pradesh at 11.45 A.M. to transact the following business:

Ordinary Business :

- 1 To receive, consider and adopt audited Profit & Loss Account for the year ended 31st March, 2003 and Balance Sheet as at that date and the Director's Report and Auditor's Report thereon.
- 2 To appoint a Director in place of Mr. J. Seshagiri Rao who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Sri. J. Sivaram Prasad who retires by rotation and being eligible, offers himself for re-appointment.
- 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."

By Order of the Board

Place: Hyderabad.
Date : 30th September, 2003.

J Triveni
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 27.09.2003 to 30.09.2003. (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.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

1. Name: Sri J. Seshagiri Rao **Age:** 50 years **Qualifications:** B.Sc (Eng.), MIE, MIPE, **Expertise:** Promoter, Significant experience as Industrialist. **Director of the Company:** from 15.3.1999. He is also member of the Audit Committee, Share Transfer Committee, Share Holders Grievance Committee and Remuneration Committee. **Other Directorships:** Kakatiya Cements Sugar and Industries Ltd., Hyderabad Flextech Ltd., Kakatiya Textiles Ltd., Hyderabad Bottling Co. Ltd. J.S.K. Aqua Minerals Pvt. Ltd. Triveni Capital Leasing Inv. Pvt. Ltd., and Chairman for M/s. JSK Aqua Minerals Pvt. Ltd.

2. Name: Sri. J. Sivaram Prasad **Age:** 44 **Qualifications:** B.Com. Member of The Institute of Chartered Accountants of India **Expertise:** Overall management including Finance & Technical. **Director of the company:** from 15.3.1999. He is also Member of Audit Committee, Share Transfer Committee, Shareholders grievance Committee and Remuneration Committee of the company. **Other Directorships:** Kakatiya Cements Sugar & Industries Ltd., (Executive Director) & Kakatiya Finance & Leasing Co. Ltd.

By Order of the Board

Place: Hyderabad.
Date : 30th September, 2003.

J Triveni
Managing Director



Suvama Cements Limited



Directors' Report

To Members

Your Directors present the Twentieth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2003.

Operations:

During the year under review your company has produced 20,133 MT of clinker 48,500 MT of Cement as against 94,303 MT ; 1,14,533 MT respectively. We have sold cement 47,500 MT and Clinker 175 MT as against 1,13,647 and 4,686 MT respectively during the previous year. During year the Plant was shut down for the purpose of project expansion-cum-modernisation work for about 8 months.

Financial Results:

The financial results for the year ended 31.03 2003 are summarised below:

	Current year	Previous year
		Rs.in lacs.
Income (sales and other income)	882.59	2393.27
Profit (Loss) before Interest and Depreciation	(107.71)	421.50
Interest	48.41	22.36
Depreciation	39.87	73.55
Profit / (Loss) for the year	(195.99)	145.59
Excess provision written back	2.75	24.29
Extraordinary Items	(45.00)	(40.60)
Net Profit / (Loss)	(238.24)	129.28
Loss Brought forward	1026.94	1156.22
Loss carried to Balance sheet	1265.18	1026.94

Expansion:

During the year the Company executed the scheme of Expansion of the Capacity of the Cement Unit from the existing 300 TPD to 900 TPD. The Commercial operations commenced from 28.03.2003. This expansion would help the company to formulate focussed strategy on marketing and help further in controlling the costs by way of economies in scale of operations.

Dividend :

Your Directors regret their inability to propose any dividend in view of the losses of the Company.

Fixed Deposits:

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

Health Safety and Environmental Protection:

Your company has substantially complied with all applicable environmental Laws and Labour Laws. The Company has taken significant measures towards environment protection and conservation.

Cost Audit :

As per the Government's directive, the company's cost records in respect of cement for the year ended 31st March, 2003 are being audited by Cost Auditors, M/s. Narsimha Murthy & Company.

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 and confirm:

- that in preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures ;
- 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 loss of the company for the year ;
- 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 ;
- that the directors have prepared the accounts on a going concern basis.

Corporate Governance:

The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges are complied with. The Report on Corporate Governance and the Management discussion and analysis is included as a part of the Director's Report. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is attached to this report.

Directors :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri. J. Seshagiri Rao and Sri J. Sivaram Prasad retire by rotation and being eligible offer themselves for re-appointment.

Sri Arvind Mahadev Marathe resigned from the Board with effect from 28.03.2003. The Board wishes to place on record the valuable services rendered by him.

Registrar & Transfer Agents:

The Securities & Exchange Board of India (SEBI) vide its circular No.D & CC/FITC/CIR/5/2002 dt. 27.12.2002 had directed that all the work related to Share Registry for Physical and Electronic Share holding should be maintained at a single point. The Company in compliance with the above mentioned circular has appointed M/s. Ikon Vision Pvt. Ltd. Flat No. 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad - 500 073 as the Registrar and Transfer Agent of the Company.

Auditors :

M/s. K S Rao & Co., Chartered Accountants retire at the conclusion of this Annual General Meeting and are eligible for



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re-appointment. The company has received a certificate from them that their re-appointment, if made, would be within prescribed limits Under Section 224 (IB) of the Act.

Auditors Comments:

Regarding Auditor's qualification on Sundry debtors and Sundry creditors the management is confident of realising the receivables at the stated values other than those disclosed as doubtful. In respect of sundry creditors, the management acknowledges undisputed balances in full. Wherever the disputes are there, management is trying to sort out the disputed amount and settle them in due course.

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 & Industrial Relations :

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. Industrial relations in the company were very cordial and stable.

Acknowledgement :

Your Directors are thankful to Canara Bank, Somajiguda branch and State Bank of India, Industrial Finance Branch, Somajiguda for their continued support during the year under review and acknowledge with gratitude the help extended by the Central Government and the Government of Andhra Pradesh.

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 : 30th September, 2003

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.)	38,29,305	1,27,91,307
Amount (Rs)	2,03,60,843	5,31,89,225
Rate/Unit(Rs.)	5.32	4.16
b. Own Generation:		
i) Through Diesel Generator		
Units (Nos.)	79,311	2,53,948
Units per Ltr. of Diesel Oil	3.34	3.26
Cost/Unit (Rs.)	7.30	5.08
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.)	5,548	25,228
Total Cost (Rs.)	87,68,791	4,23,62,478
Average Rate/M.T. (Rs.)	1,580.83	1,679.18
3. Furnace Oil	Nil	Nil
4. Others/Internal Generation	Nil	Nil
B. Consumption per unit of Production:		
Electricity (Units)	126	116
Furnace Oil	Nil	Nil
Coal	0.265	0.267
Others (Specify)	Nil	Nil


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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 outgo and earned
 - a) Foreign Exchange outgo : NIL
 - b) Foreign Exchange earned : NIL


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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 highest levels of transparency, accountability and equity, in all facets of its operations, and all its interactions with its stakeholders including shareholders, Employees and the Government.

Composition of Board :

The Board comprises six 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 7 meetings of the Board of Directors were held (as against the minimum requirement of 4 meetings) on the following dates namely, 27th April, 2002, 22nd July, 2002, 28th August, 2002, 3rd September, 2002, 31st October, 2002, 30th January, 2003 and 15th March, 2003.

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	7	Yes
Sri. J.S. Rao	7	Yes
Sri. J.V. Choudary	6	Yes
Sri. J. Sivaram Prasad	7	Yes
Sri. Arvind Mahadev Marathe *	5	Yes
Sri. C. Madhusudhana Rao	5	Yes
Smt. J. Triveni	7	Yes

* Resigned from the office of the Director w.e.f. 28.03.2003.

Number of other Directorships held :

Name of the Directors	Category	Number of other Directorships held	No of Membership in other Board Committees
Sri. J.S. Krishna Murthy	Promoter – Chairman	11	7
Sri. J.S. Rao	Promoter – Non Executive Director	10	7
Sri. J.V. Choudary	Promoter – Non Executive Director	8	2
Sri. J. Sivaram Prasad	Non Executive Director	2	2
Sri. C. Madhusudhana Rao	Non Executive Director	6	3
Smt. J. Triveni	Managing Director	2	-

Constitution of Audit Committee :

The Audit Committee of the Board was constituted consisting of the following Directors. The terms of reference of the Audit Committee have been defined so as to bring them in line with the amendments in the listing agreement and the Companies Act. The Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of. During the year, the committee met 5 times and the attendance of Members at the meetings was as follows:


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S.No.	Name of the Member	Status	No. of Meetings Attended	Remarks
1.	Sri. C. Madhusudana Rao	Chairman	5	
2.	Sri. J.S. Rao	Member	2	
3.	Sri. J. Sivaram Prasad	Member	5	
4.	Sri. Arvind Mahadev Marathe	Member	3	Resigned in March, 2003.

Share Transfer Committee :

The Share transfer committee has been constituted by the Board and delegated the authority to approve transfer of shares to a committee of Directors. The Share transfer committee consists of Sri. J.S. Krishna Murthy, Sri. J.S. Rao and Sri. J. Sivaram Prasad. The committee meetings are held every month to approve transfers, transmissions, split and consolidation of shares etc. issued by the company. The minutes of the meeting of the share transfer committee are placed before the board for its information.

Shareholders' / Grievance Committee:

The Board of Directors of the company has constituted a shareholders/Investors Grievance Committee for redressing shareholders and investor complaints. The Committee consists of Sri. J.S. Krishna Murthy, Sri. J. Seshagiri Rao and Sri. J. Sivaram Prasad. The committee oversees the performance of the Registrars & Transfer Agents, and recommends measures for over all improvement in the quality of investor services. During the year under review, company received 4 shareholders complaints. All these complaints were redressed/replied to the satisfaction of the shareholders and no complaints were outstanding.

Remuneration Committee:

The Company has constituted Remuneration Committee consisting of Non Executive Directors. The members of the committee are Sri. J.S. Krishna Murthy, Sri. J. Seshagiri Rao and Sri. J. Sivaram Prasad. Sri. J.S. Krishna Murthy is the Chairman of the Committee. The Committee did not meet during the year, as there was no agenda for consideration ever since the committee was constituted. The only executive Director is Managing Director and no other Director receives any remuneration from the company excepting sitting fees for attending the Board Meetings. The details of remuneration paid to the Managing Director is mentioned in Schedule 16 (Notes to Accounts) to the Balance Sheet of the Company.

Remuneration to the Directors:

Except in the case of Managing Director no other Directors are receiving any remuneration apart from sitting fee. Total remuneration paid to the Managing Director during the year is Rs.4,17,968/-

Disclosures :

- There were no transactions of a material nature undertaken by the company with its promoters, directors or the management, their subsidiaries or relatives that may have a potential conflict with the interest of the company.
- There was no non-compliance during the year and so there was no penalties imposed or strictures passed on the company by Stock Exchange, SEBI or any statutory authority.

Means of Communication :

Half yearly and quarterly results are normally published in the newspapers viz., the Business Standard (English daily) and the Andhra Bhumil (Telugu daily) on approval of the financial results by the Board of directors. Half yearly report is not sent to each shareholder as the results of the Company are published in the News papers.

General Body Meetings:

The details of Annual General meetings held during the last three years are given below:

NAME OF THE MEETING	DATE	TIME	LOCATION	NO. OF SPECIAL RESOLUTIONS
17 th AGM	30.9.2000	10.00 A.M.	The Federation of A.P. Chamber of Commerce & Industry, in "J.S. Krishna Murthy Hall" No. 11-6-841, Red Hills Hyderabad - 500 004.	1