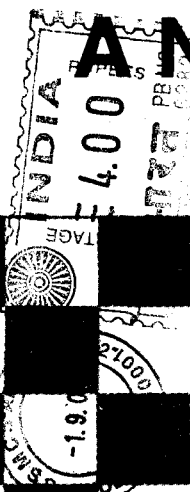


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**ANNUAL REPORT**  
**2002 -2003**



REPORT JUNCTION.COM



**NCL INDUSTRIES**

**NCL INDUSTRIES LIMITED**

## BOARD OF DIRECTORS

Shri K. Jayabharath Reddy - Chairman  
 Shri R. Anand  
 Shri Vinodrai V. Goradia  
 Shri GDLSN Raju  
 Shri M. Bhaskar Rao ((IREDA Nominee)  
 Shri S Gokul  
 Shri M. Kanna Reddy  
 Shri K. Madhu  
 Shri K. Ravi - Managing Director

## SR. VICE PRESIDENT & CO. SECRETARY

Shri B Subrahmanyam

## AUDITORS

M/s. Prayaga & Company  
 Chartered Accountants  
 5-2-392/5, Hyderbasti  
 R.P. Road, Secunderabad - 500 003.

## BANKERS

Global Trust Bank  
 Vijaya Bank

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## UNITS

Cement & Cement Boards  
 Simhapuri  
 Mattamapalli Mandal  
 Nalgonda District - 508 204  
 Andhra Pradesh

## Prefab Unit

Plot No. 34/A,  
 IDA, Jeedimetla  
 Hyderabad - 500 055

Indira Industrial Complex  
 Naharpur, Tigoan Road  
 Old Faridabad - 121 002

## Regd. & Admn. Office

7th, Floor, Raghava Ratna Towers,  
 Chirag Ali Lane,  
 Hyderabad - 500 001.  
 Tel : 2320637, 2320548  
 Fax : 91(040) - 23202496, 23203417  
 E-mail : [ncl@nclind.com](mailto:ncl@nclind.com)  
 Website : [www.nclind.com](http://www.nclind.com)  
 : [www.nclindustriesltd.com](http://www.nclindustriesltd.com)

## NOTICE

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Members of NCL INDUSTRIES LIMITED will be held on Saturday, the 20<sup>th</sup> September 2003 at 10.00 AM at KLN Prasad Auditorium, Federation House, H.No. 11-6-841, Red Hills, Hyderabad – 500 004 to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31<sup>st</sup> March 2003 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend
3. To elect a Director in place of Shri S. Gokul, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri V.V. Goradia, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.
6. To consider and, if deemed fit to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED that pursuant to Section 198, 269, 309, 314, 316, schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded for appointment of Shri K. Ravi as Managing Director of the Company with effect from 11-1-2003 to 10-01-2008 for a period of 5 years as per the terms and conditions set out in the Explanatory Statement annexed to this Notice with liberty to the Board of Directors to make such alterations/modifications as may be necessary and to give effect to the decision taken herein".

### SPECIAL BUSINESS :

7. To consider and if thought fit, to pass with or without modifications, as may be permissible, the following resolution as an ordinary resolution.

"Resolved that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and /or charging of all the immovable and movable properties of the Company where so ever situate, present and future and the whole of the undertaking of the Company and/or conferring power to enter upon and to take possession of the assets of the Company in certain events, to or in favour of Global Trust Bank Ltd (GTB) or any other financial institution(s)/ Bank(s) in connection with Rupee term loan not exceeding Rs. 600 lakhs (Rupees Six hundred lakhs

only) agreed to lend and advance by GTB or any other financial institution(s)/ Bank(s) to the Company.

"Resolved further that the mortgage/charge created / to be created and /or all agreements / documents executed / to be executed and all acts done/to be done in terms of the above resolutions by and with the authority of the Board of Directors are hereby confirmed and ratified".

8. To Consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956 approval of the Company be and is hereby accorded for keeping the Register of Members and Index of Members at the Office of the Company's Registrars and Share Transfer Agents M/s Venture Capital and Corporate Investments Limited at H No. 12-10-134 (MIG 134) 2<sup>nd</sup> Floor, Bharatnagar Colony Hyderabad 500018.

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

RESOLVED that pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s) permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, institutions or regulations as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s) which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges where the equity shares of the company are listed i.e. The Calcutta Stock Exchange Association Limited & The Hyderabad Stock Exchange Limited.

By order of the Board  
For NCL INDUSTRIES LIMITED

Place: Hyderabad  
Date : 28-07-2003

B. SUBRAHMANYAM  
Sr. Vice President &  
Company Secretary

**NOTES:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself to attend and vote only in a poll and the proxy need not be a member. Proxies in order to be effective should be duly stamped, completed and signed and must be received by the company not less than 48 hours before the Annual General Meeting. A Proxy so appointed should not have any right to speak at the meeting.
2. The Register of Members and Share Transfer Registers will remain closed from 10-09-2003 to 20-09-2003 (both days inclusive).
3. The Dividend, if approved at the meeting of Shareholders shall be payable, (on pro-rata basis in respect of partly paid shares) to those members whose names appear on the Company's Register of Members on 10<sup>th</sup> September 2003 for the purpose of shares held in demat form and as on 20<sup>th</sup> September 2003 for the purpose of shares held in Physical form.
4. Members holding shares in Electronic form may please note that as per the regulations of National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL), the company is obliged to print the bank details on the dividend warrants as furnished by these depositories to the Company and the company cannot entertain any requests for deletion/change of bank details already printed on dividend warrants as per information received from the concerned depositories. In this regard, members should contact their depository participant (DP) and furnish particulars of any changes desired by them.
5. The Member are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to enable the company to incorporate the name in the dividend warrant, in order to prevent against fraudulent encashment of Dividend.
6. Shareholders who have not encashed the Dividend Warrants for the financial years ended 31<sup>st</sup> March 2001 and 2002 are requested to immediately forward the original warrants to the company for issuing a fresh instrument.  
  
Pursuant to sec. 205A(5) of the Companies Act, 1956, the unpaid dividend which remains unpaid/ unclaimed for a period of 7 years from the date of such transfer, shall be transferred to the Investor Education and Protection Fund of the Central Govt. and the shareholders shall not be able to claim any unpaid dividend from the said fund or from the company thereafter.
7. SEBI has notified your company's equity shares for compulsory trading in the dematerialised form from 26-02-2001 under ISIN NO. INE732 CD1016 Shareholders may avail the facility of trading in demat form.
8. Members holding shares in electronic form are

requested to inform the changes, if any, in their addresses to the Depository Participant with whom the demat account is maintained.

9. Individual shareholders can avail the facility of nomination. Shareholders holding shares in physical form may write to the Registrar for assistance. Shareholders holding shares in electronic form may approach their DP with whom they maintain their account.
10. Members who are holding shares in demat form are requested to bring their client ID and DP ID members for identification of attendance at the meeting.

By order of the Board  
For NCL INDUSTRIES LIMITED

Place: Hyderabad  
Date : 28-07-2003

**B. SUBRAHMANYAM**  
Sr. Vice President &  
Company Secretary

**ANNEXURE TO THE NOTICE:****EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT , 1956)****Item No.6:**

With the resignation of Shri K. Ramachandra Raju as Managing Director, the Board, after due consideration appointed Shri K. Ravi as Managing Director with effect from 11-01-2003 for a period of 5 years on the terms and conditions as given below. Shri K.Ravi has been associated with the company almost since inception of the company in one capacity or the other and contributed immensely for the growth of the company. Prior to appointment of Shri K.Ramachandra Raju, w.e.f 29-1-2001 Shri K.Ravi was working as Managing Director of the company.

**Salary :** Rs.45,000/- per month (subject to annual increment of Rs.5,000/- per annum).

**Commission:** Commission of 1% of net profits of the Company computed in a manner laid down under Sec.198

**Perquisites :** In addition to salary, Perquisites be allowed as follows :

**Housing / HRA :** @ 40% of salary.

**Medical Reimbursement:** Expenses incurred for self and family subject to a ceiling of one month's salary in each year or 3 month's salary in a block of 3 years.

**Leave Travel Concession** for self and family subject to a ceiling of one month's salary in each year. "Family" means the wife, dependent children and dependent parents of the Managing Director.

**Company's contribution to Provident Fund and Superannuation Fund** shall be as allowed under the Income Tax Act and Rules and as per Rules of the Company.

**Gratuity:** Equal to half month's salary, for each completed year of service.

**Conveyance:** Free use of Company's Car with driver for Company's business.

**Telephone/Cell Phone:** Free, except for personal long distance calls which shall be billed.

**Entertainment Expenses:** He shall be entitled to reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

He will not be eligible for any Sitting Fees of the Company's Board / Committee Meetings.

#### **Minimum Remuneration:**

If during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above.

During the period of his continuing as Managing Director or Manager of another company, he shall draw remuneration from only one of the two companies, or from the both within the overall limits in terms of schedule XIII of the Companies Act. Shri K. Ravi presently is also continuing as Managing Director of NCL Energy Limited.

Except Shri K. Madhu, none of the Directors is interested or concerned in the proposed resolution.

The Board recommends the resolution for approval of the shareholders.

#### **Item No. 7:**

M/s Global Trust Bank Ltd (GTB) have sanctioned a Term Loan of Rs. 400 lakhs to the company. One of the terms of the sanction is that the loan shall be secured inter-alia by way of pari-passu first charge on all the immovable and movable assets (other than current assets) of the company as specified in their sanction letter. The borrowing is within the limits approved under section 293(1)(d) of the companies act 1956.

The mortgage and / or charge by the company of its immovable properties etc in favour of the lenders with a power to take over the management in certain events of the default by the company may be regarded as disposal of company's undertakings within the meaning of the section 293(1)(a) of the Companies Act. Hence, it is necessary for the members to pass a resolution under this section.

The directors recommend this resolution for approval of the members.

None of the Directors is concerned or interested in the said resolution.

#### **Item No.8:**

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode as per circular issued by the Securities and Exchange Board of India (SEBI). The Company had appointed M/s Venture Capital and Corporate Investments Limited at H.No. 12-10-134, (MIG 134), 2nd Floor,

Bharatnagar Colony, Hyderabad - 500 018 to look after the Share transfer work in Demat Mode.

The work relating to the shares in physical mode was looked after by the in-house shares department at the Registered Office of the company upto 31<sup>st</sup> March 2003.

SEBI vide its circular No. D&CC/FITT/CIR-15/2002 dated 27<sup>th</sup> December 2002 and No. D&CC/FITT/CIR-18/2003 dated 12<sup>th</sup> February 2003, directed all the listed companies to appoint a Common Agency for Share Registry work. In compliance with the above directions, the company has appointed M/s Venture Capital and Corporate Investments Limited as Common Agency to look after both Physical and Demat share work w.e.f. 1<sup>st</sup> April 2003.

In order to facilitate the smooth functioning of share transfer work and quick information to Shareholders, the register of members and index of members is maintained by the Company under Section 150 and 151 of the Companies Act, 1956 at the office of R&T Agents and maintained and up dated by them. Proviso to Section 163 of the Companies Act, provides that such registers and indexes etc. instead of being kept at the registered office of the Company may be kept at any other place within the city in which the registered office is situated, if such other place has been approved for this purpose by a special resolution passed by the company in general meeting and the Registrar of the Companies has been given in advance a copy of the proposed special resolution.

Hence, the Board recommends the resolution for your approval.

A copy of the proposed special resolution has been given in advance to the Registrar of Companies, Andhra Pradesh.

None of the Directors of the company is interested in the said resolution.

#### **Item No. 9:**

The Securities and Exchange Board of India (SEBI) as issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, (hereinafter referred to as the "Delisting Guidelines") incorporating among others, provisions for delisting of securities of a Listed Company voluntarily by a promoter or an acquirer or any other person from the Stock Exchanges.

Presently the Company's Equity Shares are listed on the following 3 Stock Exchanges.

- 1) The Stock Exchange, Mumbai
- 2) The Hyderabad Stock Exchange Limited, Hyderabad
- 3) The Calcutta Stock Exchange Association Limited, Calcutta

With the extensive networking of the Stock Exchange Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's equity shares on all other stock exchanges is low and insignificant.





The Securities and Exchange Board of India (SEBI) has specified for settlement of the company's equity shares only in dematerialised form by all investors. It is also observed that the listing fee paid to Stock Exchanges is disproportionately high compared to the extremely low trading volumes of the Company's securities on those exchanges. The Company has proposed this resolution, which will enable it to delist its equity shares at any time in future from all or any of the following Stock Exchanges.

1. The Hyderabad Stock Exchange Limited, Hyderabad
2. The Calcutta Stock Exchange Association Limited Calcutta.

The Company's equity shares will continue to be listed on The Stock Exchange, Mumbai after the proposed delisting. Your Directors commend the Resolution for approval.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

#### Inspection of Documents:

The documents pertaining to Special Business are available for inspection by the members on any working day between 2 PM to 4 PM at the Registered Office of the Company till the date of this meeting.

By order of the Board  
For NCL INDUSTRIES LIMITED

**B. SUBRAHMANYAM**  
Sr. Vice President &  
Company Secretary

Place: Hyderabad  
Date : 28-07-2003

#### DETAILS OF DIRECTORS RETIRING /APPOINTED (pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri K. Ravi	Shri Vinodrai V. Goradia	Shri S.Gokul
Date of Birth	25-09-1954	29-08-1937	20-04-1942
Date of appointment	11-01-2003	20-10-1982	30-09-1993
Qualifications	D.E.E	—	B.Sc (Tech) Chemical Engg.
Expertise in specific financial areas	26 Years of Industrial Experience	Chemical Business	Has experience in varied industries/institutions including IDBI
Details of other Directorships	Managing Director NCL Energy Limited Director : Kakatiya Chemicals Pvt. Ltd., Vikram Chemicals Pvt. Ltd., Nagarjuna Cerachem Pvt. Ltd.,	Partner Shamji Bhamji & Co	Alltek Coating Products Ltd OTCO International Ltd
Chairman/Member of the Committee of the Board of the Company	—	—	—
Chairman/Member of the Committee of other Companies.	—	—	—



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their 22<sup>nd</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March 2003

### FINANCIAL RESULTS:

(Rs. in lakhs)

2002-03 2001-02

Sales Turnover  
& Other Income

- Cement Division	4705.33	4380.40
- Boards Division	1643.26	1813.68
- Prefab Division	845.13	1189.08
- Other Income	74.02	29.90
<b>TOTAL</b>	<b>7267.74</b>	<b>7413.06</b>

Gross Profit (PBITD) 1014.67 1375.60

Less: Interest 506.58 666.82

- Depreciation 435.97 406.22

- Expenses written off 9.95 8.71

Profit/Loss Before  
Extra-ordinary Item  
and Prior Period Adjustments 62.17 293.85

Add: Previous year adjustments 50.01 8.94

Profit Before Tax 112.18 302.79

Less :Income Tax & Deferred Tax 8.06 28.29

Net Profit After Tax 104.12 274.50

Profit B/f 327.88 134.52

Profit Available for

Appropriation 432.00 409.02

Less : Appropriations :

a) General Reserve	40.00	--
b) Dividend & Dividend Tax	91.54	81.15
c) Balance carried forward	300.46	327.87

### DIVIDEND:

Your Directors have pleasure in recommending a Dividend of 5% on the Equity Shares for the financial year ended 31.3.2003. The Dividend will absorb a sum of Rs. 91.54 lakhs including Dividend Tax (Rs.81.14 lakhs in previous year)

### OPERATIONS:

During the year the company implemented the project for Energy Saving with financial assistance from IREDA. The Capacity of the Cement Plant has been increased to 297000 MTs.

Power consumption has been reduced from 115.84 unit Per MT of equivalent Cement to 110.52 Units.

During the year 2002-03, the total sales turnover has marginally fallen by 2.57% as compared to the previous year. This fall is mainly due to lower sales realisation in Cement Division inspite of increased sales volume on increased production capacity.

The profit before tax as well as after tax have come down, mainly due to lower Cement selling prices during major part of the year 2002-03.

A detailed analysis, segment - wise has been given under the Management Discussions and Analysis Report, elsewhere in the Annual Report.

### FINANCE:

The Company, in terms of the Issue of Debentures, redeemed the 2<sup>nd</sup> installment of Debentures @ Rs.333/- per debenture as on 01.01.2003.

IREDA has sanctioned a term loan of Rs.320 lakhs for Installation of Energy Saving Equipment at the existing Cement factory, out of the total project cost of Rs.460 lakhs. During the year the company availed an amount of Rs. 255 lakhs from IREDA.

The Company would be availing the balance loan of Rs.65 lakhs for the modified project. IREDA have approved the modifications in the project, which would be implemented during 2003-04.

### CONTRIBUTION TO EXCHEQUER:

The Company's contribution to the Exchequer during the year, in the form of various taxes and duties paid was Rs. 1463 Lakhs

### FIXED DEPOSITS:

As on 31-3-2003, Rs.801.58 Lakhs are outstanding. The company repaid all the matured deposits. The company has an excellent record of servicing the depositors since a long period.

### INDUSTRIAL RELATIONS:

The industrial relations continue to be harmonious at all levels in the organisation during the year.

### PARTICULARS OF EMPLOYEES READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES AS AMENDED:

There are no employees covered under Sec. 217(2A) of the Companies Act, 1956.

### ENERGY TECHNOLOGY, FOREIGN EXCHANGE AND ENVIRONMENT PROTECTION:

The information required to be disclosed in terms of Sec. 217(1)(e) of the Companies Act, 1956 is furnished in Form A and forms part of this report.

### AUDITORS:

M/S Prayaga & Co Chartered Accountants, the existing auditors of the Company retire at the conclusion of this Annual General Meeting and are eligible for reappointment.

### COST AUDITORS:

Mr. R.Srinivasa Rao, Cost Accountant, the existing Cost

Auditor of the Company has been reappointed to conduct the cost audit pertaining to the Cement Division of the company for the year 2002-2003.

#### **DIRECTORS:**

Shri S. Gokul and Shri Vinodrai V. Goradia retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri K. Ramachandra Raju resigned as Managing Director a little ahead of his tenure on health grounds, on 11-01-2003. The Board places on record for his valuable services. Shri K. Ravi has been appointed Managing Director in the place of Shri K Ramachandra Raju, w.e.f. 11-01-2003.

Shri G. Soma Raju, one of the Promoter Directors of the company also resigned due to old age and the Board appointed Shri GDLSN Raju, his son as Director in his place w.e.f. 28-11-2002. The Board places on record for the valuable services rendered by Shri G. Soma Raju

Shri M. Bhaskar Rao, Chartered Accountant, Hyderabad has been appointed IREDA nominee Director on and Board w.e.f. 28-11-2003.

#### **CORPORATE GOVERNANCE:**

In terms of the listing agreement with Stock Exchanges, the company is required to comply with the corporate governance provisions. As a listed company, necessary measures have been taken to comply with the listing agreements with the stock exchanges. A report on Corporate Governance along with a certificate of compliance from the auditors forms part of this report.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT: The Board of Directors states:**

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- 2) that the Directors had 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 and loss of the company for that period;
- 3) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4) that the Directors had prepared the annual accounts on a going concern basis.

#### **ACKNOWLEDGEMENTS:**

The Directors express their sincere thanks for the continued assistance and co-operation extended by the Bankers to the Company, IREDA and Central and State Government Departments and thank the Shareholders, Dealers, Stockists, consumers and Depositors for the confidence reposed in the company.

Your Directors thank all the employees of the company for their valuable service and support during the year.

for and on behalf of the Board

Place: Hyderabad  
Date : 28-07-2003

**K. Jayabharath Reddy**  
Chairman



**FORM A**

**FORM - A**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

<b>A. POWER AND FUEL CONSUMPTION</b>		<b>2002-2003</b>	<b>2001-2002</b>
		<b>Current Year</b>	<b>Previous year</b>
<b>1 ELECTRICITY:</b>			
a. Purchased			
Units - Lacs		<b>289.17</b>	276.33
Total Amount (Rs. In Lacs)		<b>986.06</b>	1061.34
Rate/Unit(Rs)		<b>3.41</b>	3.84
b. Own Generation			
Through Diesel generator (units Kwh lakhs)		<b>1.57</b>	3.01
Total Amount (Rs. In Lacs)		<b>10.33</b>	16.66
Rate/Unit(Rs)		<b>6.57</b>	5.54
<b>2 COAL</b>			
Quantity (Tonnes)		<b>47026</b>	46473
Total Cost (Rs. Lacs)		<b>772.75</b>	744.64
Average Rate/Tonne(Rs)		<b>1643.24</b>	1602.3
<b>3 FIRE WOOD</b>			
Quantity (MT)		<b>5312</b>	3994
Total Cost (Rs. In Lacs)		<b>35.34</b>	23.83
Average Rate per MT (Rs)		<b>665.21</b>	597
<b>4 CONSUMPTION PER MT OF PRODUCTION:</b>			
Electricity - Units			
Cement Division		<b>110.52*</b>	115.84*
Boards Division		<b>182.29</b>	191.11
Coal - MT (Cement Division)		<b>0.223*</b>	0.221*
Kcal/kg cliner		<b>(876)</b>	(896)
Firewood - MT (Boards Division)		<b>0.293</b>	0.258
* Per MT of equivalent Ordinary Portland cement			

**FORM B**

(See Rule 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO****TECHNOLOGY ABSORPTION, (R&D)**

<b>A</b>	<b>Research and Development (R&amp;D)</b>	: Not applicable
<b>B.</b>	<b>Technology Absorption, adoption and innovation</b>	: Not applicable

for and on behalf of the Board

Place: Hyderabad  
Date : 28-07-2003

**K. Jayabharath Reddy**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the listing agreement)

#### 1) Company's philosophy on code of Governance

The company's philosophy on Corporate Governance is aimed at assisting the Board of Directors of the company in the efficient conduct of its business and in meeting its obligations to shareholders. The company has taken several steps towards complying with requirements in this regard.

#### 2) Board of Directors:

##### a) Constitution & Size of the Board

The present strength of the Board is Nine Directors. The Board comprises of both executive and non-executive directors. The non-executive directors bring external and wider perspective in the Board's deliberations and decisions. Apart from Managing Director, there are Eight non-executive directors of which 5 directors, including the Chairman, are independent directors.

Independent directors are Directors who apart from receiving Directors remuneration do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its shareholders which in judgement of the Board may affect independence of judgement of the Director.

##### b) Number of Board Meetings held during the year along with dates of the meetings:

Six Board meetings were held during the year 2002-2003. The dates on which the said meetings were held are as under:

- |                |                |                |                |
|----------------|----------------|----------------|----------------|
| 1) 10-5-2002   | (2) 10-6-2002  | (3) 24-07-2002 | (4) 23-09-2002 |
| (5) 28-11-2002 | (6) 11-01-2003 |                |                |

##### c) Attendance of Directors at Board Meetings, AGM and committees where he is a Director / Member.

Name of the Director	Categories of Directorship*	No of Board Meetings attended	Attendance at last AGM	Director-ship in other companies	No. of Committees in other public companies	
					chairman	member
K.Jayabharath Reddy	Chairman,					
	I & NED	6	Yes	8	2	3
R.Anand	I & NED	4	No	6	-	1
M.Kanna Reddy	I & NED	6	Yes	4	-	1
S. Gokul	I & NED	4	Yes	2	-	-
G. Somaraju (1)	NED	5	Yes	1	-	-
VV Goradia	NED	2	Yes	-	-	-
K Madhu	NED	6	Yes	7	-	1
GDLSN Raju (2)	NED	1	NA	-	-	-
M. Bhaskar Rao (3)	NED	1	NA	3	-	2
K.Ramachandra Raju (4)	ED	4	Yes	2	-	-
K. Ravi (5)	ED	1	NA	4	-	-

(1) Upto 28-11-2002 (2) from 28-11-2002 (3) w.e.f 28-11-2002 (4) Upto 11-01-2003 (5) w.e.f 11-01-2003

\* I & NED Independent and non executive Director

NED Non-executive Director

ED Executive Director

##### d) Details of Appointment & Reappointment of Directors

As per the Companies Act 1956, 2/3rds of the directors are retiring by rotation. Out of that, 1/3<sup>rd</sup> should retire each year and if other wise eligible, qualify for reappointment

Relevant details form part of the notice of the Annual General Meeting at which the directors are appointed.

#### 3) Audit Committee:

The Audit committee was set up by the Board of Directors in October 2000. During the year 4 meetings were held, out of which one was held before finalisation of Accounts. The said meetings were held on 03-05-2002, 10-6-2002, 24-7-2002 & 28-11-2002.

The constitution of the committee and attendance of each member of the committee is given below

Name	Designation	Whole time/ Independent	Profession	Committee
				meetings attended
K.Jayabharath Reddy	Chairman	Independent	IAS(Retd from Govt. Service).	4
M. Bhaskar Rao*	Member	Independent (IREDA Nominee)	Chartered Accountant	-
M.Kanna Reddy	Member	Independent	Chartered Accountant	4
K. Madhu	Member	Non Executive	Business	3

\*(w.e.f. 28.11.2002)