

**20<sup>th</sup>**  
**ANNUAL REPORT**  
**2001 - 2002**



**SRI CHAKRA**  
**CEMENTS LIMITED**

**SRI CHAKRA CEMENTS LIMITED**

**BOARD OF DIRECTORS**

SRI S.RAMAMURTHY	DIRECTOR
SRI S.V. REDDY	DIRECTOR (Nominee of APIDC)
Nomination withdrawn w.e.f. 10-01-02	
SRI R. RAMACHANDRAN	DIRECTOR (Nominee of IDBI)
	Nomination withdrawn w.e.f. 13-08-02
SRI C.V. HANUMANTHA RAO	DIRECTOR
SRI N. KRISHNA MOHAN	WHOLETIME DIRECTOR

**STATUTORY AUDITORS**  
M/s. Satyanarayana & Co.  
Chartered Accountants  
Ranigunj  
SECUNDERABAD

**COST AUDITORS**  
M/s. Narasimha Murthy & Co.,  
Cost Accountants  
104, Pavani Estate  
Y.V.Rao Mansion  
Himayat Nagar  
HYDERABAD - 500 029.

**BANKERS**  
VIJAYA BANK  
STATE BANK OF INDIA  
UNION BANK OF INDIA

**FACTORY**  
NARASIMHAPURI  
KARAMPUDI  
GURAJALA TALUK  
ANDHRA PRADESH

Admn.Off: 6-3-668/10/66,  
Durganagar Colony,  
Punjagutta,  
Hyderabad - 500 082.  
Phone : 6612374, 341 12 51

Regd.Off: 6-3-802,  
Ameerpet,  
Hyderabad - 500 016.

**SRI CHAKRA CEMENTS LIMITED**

**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 20th Annual General Meeting of the Members of the Company will be held on Saturday 28th September, 2002 at 11.00 AM at the Administrative office of the company, 3rd Floor, H.No. 6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad - 500 072. to transact the following Business.

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31-03-2002 and the Balance Sheet as on that date and the Auditors and Directors Report thereon.
2. To appoint a Director in place of Sri C.V. Hanumantha Rao, who retires by rotation and being eligible offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Satyanarayana & Co., Chartered Accountants, Secunderabad. be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such a remuneration as may be fixed by the Board of Directors of the Company.

By Order of the Board of Directors  
for Sri Chakra Cements Limited

Place : Hyderabad  
Date : 16-08-2002

N. Krishna Mohan  
Wholtime Director

**NOTES :**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER . THE INSTRUMENT OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE ADMN.OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) The Register of Members and Share Transfer Books will remain closed from 25th day of September,2002 to 28th September, 2002 (Both days inclusive).
- 3) Members are requested to notify immediately any change in their address to the Company / Share Transfer Agents quoting their Folio Number.
- 4) Members holding shares in Electronic Form are requested to inform the Changes, if any, in their address to the Depository Participant with whom the demat Account is maintained.

**SRI CHAKRA CEMENTS LIMITED****DIRECTORS REPORT**

Dear Share Holder (s),

Your Directors have pleasure in presenting you the 20th Annual Report and the Audited Statement of Accounts of your Company for the year ended on 31st March, 2002.

**PERFORMANCE OF THE COMPANY**

	For the year Ended <u>31.03.2002</u>	(Rs. in Lakhs) For the Year Ended <u>31.03.2001</u>
1. Production (M.T)	1,42,703	84,467
2. Gross Turnover: Qty (M.T)	1,62,816	84,631
Value (Rs. in Lakhs)	3477.07	2035.10
3. a) Gross Realisation per Ton	2,135.58	2404.65
b) Net realisation per Ton (Naked)	1,704.58	1823.10
4. Profit/(Loss) after interest, depreciation and prior adjustment (Rs. in Lakhs)	(64.39)	(31.70)
5. Cash accruals (after prior period adjustment)	152.36	14.70

**PRESENT STATUS WITH THE BIFR :**

Your Company is in the BIFR awaiting Rehabilitation package. The Financial Institutions and other secured creditors are emphatic that the Company should go for OTS, as they are not interested to reschedule their loans by considering certain reliefs and concessions, your Company has submitted ascheme for OTS with the secured creditors individually and jointly and it is confident of finalising the arrangement during the current year.

**DIRECTORS :**

Sri C.V. Hanumantha Rao, Director will be retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

During the period IDBI and APIDC have withdrawn their Nominees respectively Sri R. Ramachandran and Sri S.V. Reddy from the Board of Directors of the Company.

**DEPOSITS :**

Your Company has not accepted any Deposits from the public during the year under review.

**AUDITORS :**

The report of the Auditors and the Notes on Account referred to in the Auditors Report are self Explanatory.

M/s. Satyanarayana & Company, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT :**

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956.

- 1) That in the preparation of the annual accounts for the year ended March, 31, 2002 the applicable accounting standards have been followed alongwith proper explanation

**SRI CHAKRA CEMENTS LIMITED**

relating to material departures, if any.

- 2) That such accounting policies as mentioned in Schedule 18 to the Annual Accounts have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2002 and of loss of the Company for that year.
- 3) That proper and sufficient care has been taken 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 to prevent and detect fraud and other irregularities:
- 4) That the Annual Accounts for the year ended 31st March, 2002 have been prepared on a going concern basis.

**CORPORATE GOVERNANCE :**

The requirement of Clause 49 of the Listing Agreement will have to be complied with by the Company within the Financial Year 2002-2003, but not later than March, 31, 2003. However, the Company has been voluntarily complying with Corporate Governance Code to the extent and in the manner set out in the Annexure, which forms part of this report.

**INDUSTRIAL RELATIONS :**

Industrial relations have been generally satisfactory.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT TO :**

As required under Section 217(1) (e) of the Companies Act, 1956, read with relevant rules, the particulars regarding the conservation of energy, technological absorption etc., are given in Form-A and Form-B, which forms part of this report.

**PARTICULARS OF EMPLOYEES :**

None of the employees were in receipt of remuneration of Rs.6 lakhs per annum or Rs. 50,000/- per months during the period under review.

**ACKNOWLEDGEMENTS :**

Your Directors have taken this opportunity to place on record their appreciation and gratitude for the whole-hearted support, co-operation and guidance received from the Banks and the other Central, State Government and local authorities. The Company thanks the Shareholders and Depositors for the confidence reposed by them in the Company.

By order of the Board of Directors  
for SRI CHAKRA CEMENTS LIMITED

C V Hanumantha Rao  
Director

N. Krishna Mohan  
Whole-Time Director

Places : Hyderabad

Date : 16.08.2002

**SRI CHAKRA CEMENTS LIMITED****REPORT ON CORPORATE GOVERNANCE :****1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

The Company's philosophy of Corporate Governance aims at assisting the Management of the Company in the efficient conduct of its business and in meeting its responsibilities to all the stake holders. It is towards this end that efforts are made to maintain high standards of disclosure to the shareholders and internal compliance guidelines for better Corporate Governance.

**2. BOARD OF DIRECTORS :**

The Board of Directors consists of 3 members. One of the Director is Whole time Director and rest of the Two Directors are non-executive directors. All the non-executive Directors are independent Directors.

**3. TENURE:**

As per the provisions of the Companies Act, 1956, two third of the Board of Directors (excluding Institutional Nominee Directors and Wholetime Director) should be retiring by rotation. One of these Directors are required to retire every year, and if eligible, these Directors qualify for re-appointment.

The Wholetime Director was appointed by the Shareholders for a period of five years but is eligible for re-appointment on completion of tenure. The tenure of the Wholetime Director is upto 31-08-2004.

**4. BOARD MEETINGS :**

Details of Board Meetings held and attended by the Directors;

Name of the Director	Dates of the Board Meetings and their attendance by the Director					AGM
	30/04/01	20/08/01	30/10/01	15/11/01	13/01/02	
1. Sri N. Krishna Mohan	P	P	P	P	P	P
2. Sri S.V.Reddy (Nominee - APIDC)	L.A.	P	L.A.	-	-	-
3. Sri R. Ramachandran (Nominee-IDBI)	L.A.	L.A.	L.A.	L.A.	L.A.	-
4. Sri S. Ramamurthy	P	P	P	P	P	P
5. Sri C.V.Hanumantha Rao	-	P	P	P	P	P

P: PRESENT

L.A.: Leave of absence granted

The Company has held 5 Board Meetings during the year on dates mentioned above.

**5 .REMUNERATION OF DIRECTORS :**

The Company does not have a formal Remuneration Committee. The Company pays sitting fees to all the Non-executive Directors at the rate of Rs.250 for each meeting. The details of sitting fees paid to the Non-executive Directors for attending Board Meetings during the Financial year 2001-02 are as follows:

**SRI CHAKRA CEMENTS LIMITED**

Sl. No.	Name of Director	Sitting Fees (Rs.)	Total (Rs.)
1.	Sri. S.V.Reddy (Nominee - APDIC)	250	250
2.	Sri. S.Rama Murthy	1250	1250
3.	Sri. C.V.Hanumantha Rao	1000	1000

The remuneration paid to the Wholtime Director during the year 2001-02 are as follows:

Sl. No.	Name	Salary Rs.	HRA Rs.	Commission Rs.	Perks Rs.	Total Rs.
1.	Sri. N.Krishna Mohan	3,00,000	-	-	72,000	3,72,000

**6. NUMBER OF OTHER DIRECTORSHIP OF THE DIRECTORS:**

Sl.No.	Name of Director	Other Directorships
1.	Sri N.Krishna Mohan	1) GSAL (India) Ltd
2.	Sri S.V.Reddy (Nominee - APIDC)	1) NIL
3.	Sri R.Ramachandran (Nominee - IDBI)	1) Regency Ceramics Ltd
4.	Sri S.Ramamurthy	1) NIL
5.	Sri C.V.Hanumantha Rao	1) GSAL (India) Ltd

The Meeting of the Board of Directors are held at the Administrative Office at Hyderabad. The Board meets atleast once in a quarter to review the quarterly performance and financial results.

**7. AUDIT COMMITTEES**

In compliance with Clause 49 of the Listing Agreements and Pursuant to the provision of Section 292A of the Companies Act, 1956, the Board of Directors of the Company has constituted an Audit committee comprising of three Directors viz., Sri. N.Krishna Mohan, Sri. C.V. Hanumantha Rao and Sri. S. Rama Murthy.

The terms of reference stipulated by the Board to the Audit Committee are as follows:

- a. Recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment for any other services.
- b. Reviewing with the management, the annual financial statement, before the submission to the Board, focussing primarily on :
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management
  - Qualification 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 transaction i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries or relatives etc., that may have a potential conflict with the interests of the Company at large.

**SRI CHAKRA CEMENTS LIMITED**

- c. Reviewing with the management, external and internal auditors, the adequacy of internal control system.
- d. Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- e. Reviewing the quarterly and annual financial statements and submitting the same to the Board with recommendations, if any.
- f. The recommendation made by the Audit Committee on any matter relating to financial management including the Audit Report, shall be binding on the Board.
- g. Discussing with internal auditors on any significant findings and follow-up thereon.
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.
- i. Discussing with the external auditors before the audit commences, nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholder (for non-payment of declared dividends) and creditors.
- l. The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarifications on matters relating to audit as may be required by the members of the Company.

During the year, the Committee has met four times on 30/04/2001, 20/08/2001, 15/11/2001 and 30/01/2002.

**8. General Body Meeting(s) :**

Location and time for last 3 Annual General meetings were:

Year	Location	date	Time
2000-01	H.No.6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad-500 082.	28/09/2001	11.00 A.M.
1999-00	Sri Rajarajeswari Kalyana Manadapam, Hanuman Temple, Ameerpet Hyderabad-500 016.	29/09/2000	11.00 A.M.
1998-99	II Floor, Zainab Commercial Complex, Ameerpet, Hyderabad - 500 016.	15/11/1999	11.00 A.M.

The 20th Annual General Meeting will be held on Saturday, September 28, 2002 at 11.00 A.M. at Admn.Off.6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad - 500 082.

**9. Disclosures :**

Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large .



**SRI CHAKRA CEMENTS LIMITED**

None of the transactions with any of the related parties were in conflict with the interest of the company.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to the Capital Markets during the last 3 years.

**10. Financial Calendar :**

Period	Board Meeting to approve Quarterly Financial Results
Quarter ending 30th Sept, 2001	30th Oct. 2001
Quarter ending 31st Dec, 2001	30th Jan, 2002
Quarter ending 31st Mar, 2002	30th Apr, 2002
Quarter ending 30th Jun, 2002	30th July, 2002

**11. Date of Book Closure :**

From 25th September, 2002 to 28th September, 2002 (Both days inclusive) for the purpose of Annual General Meeting.

**12. Listing of Shares :**

The Company's equity shares are listed on the Stock Exchange, Mumbai and Hyderabad. The shares are traded on the Stock Exchange(s) in Dematerialised form with effect from 28th June, 2002.

**13. Share Department :**

The share transfer and other related works are carried on by the Company Secretarial Dept. at

Admn. Office at 6-3-668/10/66, Durganagar Colony,  
Punjagutta, Hyderabad - 500 082.  
Ph.No(s); 3411251, 6612374/4633,  
Fax; .No.040-3404657. Email: gsal@redif+mail.com

**14. Dematerialisation of Shares and Liquidity :**

The Company has received 18,68,500 shares are dematerialised and 300 shares are rematerialised during the period from April, 2001 to 31st March, 2002.

The total percentage of the shares of the Company in Dematerialised form as on 31st March, 2002 is 10.86%.

**15. Shareholders Grievance Committee :**

The Shareholders Grievance Committee constituted by the Board of Directors and comprising of Sri. N.Krishna Mohan, Managing Director and Sri C.V.Hanumantha Rao, Director inter-alia oversees the transfer of shares and redressal of shareholders/investors grievances and Complaints regarding non-receipt of dividends, Annual Reports, etc. The Board of Directors has delegated the power of approving transfer of securities to Shri. N.Krishna Mohan, Managing Director of the company.

**16. Outstanding GDRs/ADRs/Warrant or any Convertible Instruments, conversion date and likely impact on Equity :**

The Company has not issued any of these instruments till date.

The Complaints received and replied to the satisfaction of shareholders during the year. There are no outstanding complaints, transfers or Demat requests pending as on 31st March, 2002.

**SRI CHAKRA CEMENTS LIMITED****17. Distribution of Shareholding as at 16th August, 2002 :**

Shareholding	No. of Shareholders	Percentage holders to total	No. of Shares	Percentage to total Shareholding
Upto 500	15624	99.60	6018850	35.01
501 - 1000	35	0.22	255900	1.49
1001 - 2000	11	0.07	156300	0.91
2001 - 3000	1	0.01	21300	0.12
3001 - 4000	1	0.01	34600	0.20
4001 - 5000	1	0.01	49000	0.29
5001 - 10000	1	0.01	85300	0.50
10000 and Above	13	0.07	10568830	61.48
<b>Total</b>	<b>15687</b>	<b>100.00</b>	<b>17190080</b>	<b>100.00</b>

**18. Means of Communications**

Half Yearly results sent to each household of Shareholder : No, as the results of the Company are published in the Newspapers having wide circulation

Quarterly results : No, as the results of the Company are published in the Newspapers having wide circulation.

Newspapers in which published : "Business Standard" - English  
 "Indian Express"  
 "Andhra Prabha"  
 "Andhra Bhoomi" -Telugu

The Company presently does not have a website of its own : however it proposes to develop it shortly.

The management Discussion and Analysis Report is a part of the Annual Report.

**19. Plant Location:**

**FACTORY: NARASIMHAPURI, KARAMPUDI, GURAZALATALUK, ANDHRA PRADESH.**

**Address for Correspondence**

Sl.No	Shareholders Correspondence for	Addressed to
1.	Transfer/Dematerialisation/Consolidation /Split of Shares, Issue of Duplicates Share Certificate, Non-receipt of dividend, Change of address in case of holders of Durganagar Colony physical shares and any other query relating to the shares of the Company.	Secretarial Dept. Sri Chakra Cements Ltd 6-3-888/10/68, Punjagutta, HYDERABAD - 500 082.
2.	In case of holders of shares in Demat form Change of Address/Bank Mandate Details and credit of Demat Account.	Depository Participant
3.	Query on Annual Report	Secretarial Dept. Sri Chakra Cements Ltd 6-3-888/10/68, Durganagar Colony, Punjagutta, HYDERABAD - 500 082.