



SRI CHAKRA
CEMENT LIMITED

The Cement That You Can Rely On!



35th
ANNUAL REPORT
2016-2017

www.srichakracement.com

BOARD OF DIRECTORS

Sri N Krishna Mohan	Chairman cum Managing Director*
Sri V V S R Anjaneyulu	Executive Director*
Sri K Vijay Kumar	Joint Managing Director
Smt K V Nagalalitha	Director
Sri P Ramamoorthy	Director- Independent
Sri K P Patnaik	Director- Independent
Sri P Ramakrishnaiah	Director- Independent
Dr A S Narayana	Director- Independent

*w.e.f. 1-10-2016

MANAGEMENT TEAM

Sri N S R V Prasad	Chief Financial Officer
Sri N Umashankar	Company Secretary
Sri DVDSN Murthy	Chief General Manager (Works)
Sri P Rajendrababu	General Manager (Finance)
Sri C Shankar Rao	President (Marketing)
Sri T Ramasuri	General Manager (Com)
Sri N S Sudhakar	Asst. General manager(EDP)
Sri K Yagnaiah	Asst. General Manager (HR)

Statutory Auditors

M/s Satyanarayana & Co,
Secunderabad- 500 003

Secretarial Auditors

K Swamy and Co,
Company Secretaries
Secunderabad

Internal Auditors

C Ramachandram & Co,
Chartered Accountants
Hyderabad

Cost Auditors

M/S Bisati & Co,
Cost Accountants,
Hyderabad, Telangana

Registrar & Share Transfer Agents

M/s Venture Capital & Corporate Investments Private Limited
Hyderabad - 500 018.

Registered Office

Sri Chakra Cement Limited
(CIN NO: L40300AP1981PLC002952)
D.no.27/4/1, Kannavari thota, 1st floor,
beside Central Excise Office, Guntur,522104

Works

Unit-I : Sri Narasimhapuri, Karempudi, Guntur District,
Andhra Pradesh
Unit-II : Alamanda, Jami Mandal, Vizianagaram, A.P.
Captive solar Unit, Srikalahasti, Chittoor Dt.

Head Office

6-3-668/10/66, Durganagar Colony, Punjagutta,
Hyderabad, Telangana- 500 082, Ph: 040 6661 4633
fax: 040 23404657, email srichakracement@gmail.com
website:www.srichakracement.com

TABLE OF CONTENTS

PARTICULARS	PG NO
NOTICE	3 - 11
BOARD'S REPORT, MANAGEMENT DISCUSSION AND ANALYSIS	12 - 17
CORPORATE SOCIAL RESPONSIBILITY REPORT	18 - 18
SECRETARIAL AUDIT REPORT	20 - 23
EXTRACT OF ANNUAL RETURN	24 - 28
CORPORATE GOVERNANCE REPORT	29 - 38
INDEPENDENT AUDITORS' REPORT	39 - 45
BALANCE SHEET	46
STATEMENT OF PROFIT AND LOSS ACCOUNT	47
CASH FLOW STATEMENT	48
NOTES ON ACCOUNTS	49 - 63

NOTICE

NOTICE is hereby given that the 35th Annual General Meeting of the members of **M/s SRI CHAKRA CEMENT LIMITED** will be held on Monday, the **25th day of SEPTEMBER, 2017 at 12.00 Noon**, at the Registered Office located at D.No.27/4/1, Kannavari Thota, 1st Floor, Beside Central Excise Office, Guntur, A.P.-522104 to transact the following business:

ORDINARY BUSINESS:

1. To receive consider and adopt the Audited Statement of Profit and Loss for the year ended on 31st March 2017 and the Balance Sheet as on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Smt K V Nagalalitha, Director (DIN: 02223430) who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Sri. N Krishna Mohan, Director (DIN: 00698772) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint of M/s. DVR & Co, Chartered Accountants (Firm Regn No 007584S), Hyderabad as statutory auditors of the Company and fix their remuneration.

"RESOLVED THAT pursuant to Section 139 and 142 and other applicable provisions of the Companies Act, 2013 and Rules as amended to date, pursuant to recommendation of the Audit Committee of the company and pursuant to the proposal of the Audit Committee of the Board and Recommendation of the Board, M/s DVR & Co, Chartered Accountants (ICAI Firm Registration number:007584S) be and is hereby appointed as the statutory auditors of the company, to hold office for a period of five consecutive years commencing from the financial year 2017-18 i.e. from the conclusion of this 35th Annual general Meeting till the conclusion of the 40th Annual General Meeting of the company to be held in the year 2022, subject to ratification by the Members at every Annual General meeting hereafter, on a remuneration that may be determined by the Board in consultation with the auditors.

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass the following resolution as a Special Resolution:**

To approve alteration of articles of association in respect of Article 181 of the AOA

"Resolved that pursuant to the provisions of Section 14 read with the Section 203(1) of the Companies Act, 2013 and Rules made there under, consent of the company be and is hereby accorded to amend the Article-181 of the Articles of Association of the company by substitution of the following new article-181: Accordingly, the article 181 of the AOA reads as follows:-

181. Subject to the provisions of the Act, the Board shall have power to appoint from time to time one or more of their body to the office of the Managing Director or Whole-time Director severally and also to appoint Chairman-cum-Managing Director or Chief Executive Officer of the company for such period and on such terms as they think fit for such period not exceeding five years at a time. A Director so appointed shall be subject to retirement by rotation. The Board may by resolution vest in such Managing Director or Whole time Director or Chairman cum Managing Director or Chief Executive Officer such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The remuneration of the Managing Director/whole-time Director and Chairman cum Managing Director or Chief Executive Officer may be by way of monthly payment, participating in profits or by either or both of these modes or any other mode not expressly prohibited by the Act.

6. **To consider and if thought fit, to pass the following resolution as a Special Resolution:**

To Appoint Sri N Krishna Mohan as Chairman cum Managing Director

RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and 203 of the Companies Act, 2013 read with Part-I(c) of Schedule-V to the Companies Act, 2013 and articles of association of the Company, subject to the approval of the shareholders, the consent and approval of the company be and

is hereby accorded to the appointment of Sri. N. Krishna Mohan Chairman-Cum-Managing Director of the company for a term of three years with effect from 01.10.2016.

RESOLVED FURTHER THAT pursuant to Section-I of Part-II of Schedule-V to the Companies Act, 2013 read with Section 197 and 198 of the said Act and pursuant to the resolution passed by the Nomination and Remuneration Committee of the company, remuneration by way of 3.33% of net profits of the company be paid to Sri. N. Krishna Mohan during the term of his office.

RESOLVED FURTHER THAT pursuant to Section II of Part-II of Schedule-V to the Companies Act, 2013 and pursuant to the resolution passed by the Nomination and Remuneration Committee of the company Board, in the event of any loss, absence or inadequacy of profits of the company in any financial year, during the term of office of Sri. N. Krishna Mohan, minimum remuneration of Rs.84.00 lakhs per year shall be paid to him.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the above resolution."

7. To consider and if thought fit, to pass the following resolution as a Special Resolution:

To Appoint Sri V V S R Anjaneyulu as Executive Director

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 read with Part-I of Schedule-V to the Companies Act, 2013 and pursuant to the Articles of Association of the company, the consent and approval of the company be and is hereby accorded to the appointment of Sri. V.V.S.R. Anjaneyulu, Executive Director of the company for a term of three years with effect from 01.10.2016.

RESOLVED THAT pursuant to Section-I of Part-II of Schedule-V to the Companies Act, 2013 read with Section 197 and 198 of the said Act and pursuant to the resolution passed by the Nomination and Remuneration Committee of the company, remuneration by way of 3.33% of net profits of the company during balance term of office of Sri. VVSR. Anjaneyulu, Executive Director.

RESOLVED FURTHER THAT pursuant to Section II of Part-II of Schedule-V to the Companies Act, 2013 and pursuant to the resolution passed by the Nomination and Remuneration Committee of the company Board, in the event of any loss, absence or inadequacy of profits of the company in any financial year, during the term of office of Sri. VVSR. Anjaneyulu, Executive Director, minimum remuneration of Rs.72.00 lakhs per year, being the double the amount of limit of Rs.36.00 lakhs shall be paid to him.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the above resolution."

8. To consider and if thought fit, to pass the following resolution as an Special Resolution:

To approve payment of remuneration to Sri K Vijay Kumar as Joint Managing Director

"RESOLVED THAT pursuant to Section-I of Part-II of Schedule-V to the Companies Act, 2013 read with Section 197 and 198 of the said Act and pursuant to the resolution passed by the Nomination and Remuneration Committee of the company, consent of the company be and is hereby given for payment of remuneration by way of 3.33% of net profits of the company during balance term of office of Sri. K. Vijay Kumar, Joint Managing Director.

RESOLVED FURTHER THAT pursuant to Section II of Part-II of Schedule-V to the Companies Act, 2013 and pursuant to the resolution passed by the Nomination and Remuneration Committee of the company Board, in the event of any loss, absence or inadequacy of profits of the company in any financial year, during the term of office of Sri. K. Vijay Kumar, Joint Managing Director, minimum remuneration of Rs.72.00 lakhs per year shall be paid to him, being the double amount of the limit of Rs.36.00 lakhs.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the above resolution.”

9) To consider and if thought fit, to pass the following resolution as an ordinary Resolution

Appointment of M/s Bisati & Co, Cost accountants as Cost Auditors for the year 2016-17.

“RESOLVED THAT pursuant to the provision of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, the remuneration payable to M/s. Bisati & Co., Cost Accountants, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the company for the financial year 2016-17, amounting to Rs. 1,00,000/- (Rupees One Lakh only) as also the payment of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.”

10) To consider and, if thought fit, to pass, the following resolution as a special resolution

To approve the proposal of delegation of authority to the Board of Directors of the Company to deal with dealing with transactions such as obtaining unsecured loans up to a maximum of Rs 25,00,00,000/- (Rupees Twenty Five Crores only) and material transaction, if any, from time to time, with the directors/associates/other related parties pursuant to the provisions of Sec.188 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules 2014 and in this regard to consider and if thought fit, to pass the following Resolutions with or without modifications, as a special resolution.

“RESOLVED THAT in pursuance of Section 188 of the Companies Act 2013 read with the Companies (Meeting of the Board and its Powers) Rules 2014, the consent of the Company be and is hereby accorded for dealing with transactions such as obtaining unsecured loans up to a maximum of Rs 25,00,00,000/- (Rupees Twenty Five Crores only) and material transaction, if any, from time to time, with the directors/associates/other related parties

**By Order of the Board
For SRI CHAKRA CEMENT LIMITED**

**Sd/-
K VIJAY KUMAR
Joint Managing Director**

Place : Hyderabad

Date : 14.08.2017

I. NOTES FOR ANNUAL GENERAL MEETING:

- 1) Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be valid must be received by the company not less than 48 hours before the meeting.
- 2) A person can act as proxy for only 50 members and holding in aggregate not more than 10 percent of the total share capital of the company carrying voting rights members holding more than 10 percent of the total share capital of the company carrying voting rights may appoints a single person as proxy and such person shall not act as proxy for any other member.
- 3) Corporate member intending to send their authorised representative to attend the AGM are requested to send a duly certified copy of their board resolution authorising their representative to attend and vote at the AGM.
- 4) In case of joint holders attending meeting, only such joint holder who is higher in the order names will be entitled to vote.
- 5) Member / Proxies / Authorised Representative should bring the enclosed Attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.

- 6) The Register of Members and Share Transfer Books of the Company shall remain closed on 25th September 2017 for the purpose of the Annual General Meeting.
- 7) The Ministry of Corporate Affairs ("Ministry"), Government of India, has taken a "Green Initiative in Corporate Governance" by allowing properties compliances by Companies through electronic mode. As per the Circular No. 18/2011 dated 29.04.2011 issued by Ministry of Corporate Affairs, companies can now send various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc) to their shareholders through electronic mode, to the Registered email address of the shareholders.
- 8) The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market, members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts, Members holding shares in physical form should submit their PAN to the Company / Registrar.
- 9) Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nominations in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic / demat form, the members may please contact their respective depository participant
- 10) In terms of Circular No.17/2011, dated 21.04.2011 and Circular No.18/2011, dated 29.04.2011 issued by the Ministry of Corporate Affairs, under Green initiative in the Corporate Governance all the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents viz., M/s Venture Capital & Corporate Investments Private Limited whose e-mail id is info@vccilindia.com mentioning the Company's name i.e., Sri Chakra Cement Limited, so as to enable the company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address.
- 11) Notices/ documents including the Annual Report are now being sent by electronic mode to the shareholders whose e-mail address has been registered with the Company. Members who would like to receive such notices/documents in electronic mode in lieu of physical copy and who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail address.
 - In respect of electronic shareholding – through their respective Depository Participants.
 - In respect of physical shareholding – by sending a request to the Company's Share Transfer Agent at M/s Venture Capital & Corporate Investments Private Limited, 12-10-167, Bharatnagar, Hyderabad-500018, Tel No.040-23818475/76, Email ID: info@vccilindia.com, mentioning therein the Company's name i.e., Sri Chakra Cement Limited, their folio number and e-mail address. The Annual Report 2016-17 as circulated to the members of the Company is also available on the website of the Company www.srichakracement.com.
- 12) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the AGM.
- 13) Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
- 14) Details of reappointment of director retired by rotation as per the item No.2 & 3 of the Notice of the meeting are furnished in a separate annexure to the notice as required under Regulation-27 of the Listing Regulations.

- 15) It is to inform all the members that the Company's RTA has already dispatched the new share certificates consequent to reduction of capital by 70% as ordered by BIFR during 2012 and hence, the old share certificates which are in possession of shareholders shall be null and void. In this, case, earlier also, the company has informed all the members to submit old share certificates to get new certificate and send the pan card, address proof and specimen signatures for updating of records. In case, any shareholder who did not get share certificate may please write to company's RTA by submitting their particulars with the above documents to get the same dispatched again.

II. THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

Voting Options:-

I. VOTING THROUGH ELECTRONIC MEANS

Pursuant to Section 108 and the corresponding Rules of Companies Act, 2013 read with the Rule-20 of the Companies(Management and Administration) Rules, 2014 as amended to date, it is stated that

- (a) The Company has provided e-voting facility to the members using the Central Depository Services Ltd, (CDSL) platform and all the business as per the notice of the 35th annual general meeting of the company will be transacted through the electronic voting system.
- (b) The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- (c) The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Friday, the 22nd day of September, 2017 at 10.00 a.m. and ends on Sunday, the 24th day of September, 2017 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 18th September, 2017, may cast their vote electronically, the e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the image verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-</p> <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL, platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of the relevant < Company Name > on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option No implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodians, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions "FAQs") and e-voting manual available at www.evotingindia.com, under help section or write on email Helpdesk.evoting@cdslindia.com.

II. VOTING THROUGH BALLOT :-

III. The company is providing the facility of ballot form in terms of Regulation 44(1) and (2) of the SEBI Listing Regulations, to those shareholders, who do not have access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice. The Ballot form is enclosed along with the Annual Report. The last date for receiving the duly filled and signed ballot form will be Sunday, the 24th day of September, 2017 at 5.00 p.m. Ballot forms received after this date shall not be considered.

IV. VOTING AT AGM :-

The members who have not casted their votes either electronically or through Ballot Form, can exercise their voting rights at the AGM.

Other Instructions

1. A member can opt for only one mode of voting i.e. either in person or through proxy at the meeting or through e-voting or by ballot. If a member casts vote by all the three modes, then voting done through e-voting shall prevail and voting through other modes shall be treated as invalid.
2. The Company has appointed M/s. K. Swamy & Co., Practicing Company Secretary, to act as the Scrutinizer. The Scrutinizer shall first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three (3) days of conclusion of the meeting, a consolidated scrutinizer report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
3. The Chairman or a person authorised by him in writing shall declare the result of the voting forthwith. The results declared along with the report of the scrutinizer shall be placed on the website of the company immediately after the result is declared by the Chairman and the company shall simultaneously forward the results to the concerned stock exchange where its equity shares are listed.

EXPLANATORY STATEMENT TO THE NOTICE UNDER SECTION 102(1) OF THE ACT.

Item No 5 to 8: Appointment of Sri N Krishna Mohan as Chairman cum Managing Director and Sri V V S R Anjaneyulu as Executive Director with remuneration and payment of Remuneration of Sri K Vijay Kumar.

The Board of Directors of the Company vide its meeting held on 04.11.2016 appointed Sri N Krishna Mohan as Chairman Cum Managing Director and Sri V V S R Anjaneyulu as an Executive Director of the Company w.e.f. 01.10.2016 for three years with remuneration as stated in the above resolutions and also approved payment of remuneration to Sri K Vijay Kumar as per the item 8. Accordingly, the same requires approval of shareholders for which the Board recommend the same for such appointments and alteration of Article 181 of AOA. None of the Directors are interested in the above resolutions.

Item No 9: The Board of Directors of the Company on 15.05.2017, appointed M/s Bisati & Co, Cost Accountants for conducting cost audit for 2016-17 at a remuneration of Rs 1,00,000/- p.a. The Board recommends their approval for your approval at the ensuing annual general meeting. None of the directors are interested in the resolution.