

# 21<sup>st</sup> ANNUAL REPORT 2002- 2003

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**SRI CHAKRA  
CEMENTS LIMITED**  
**ATTESTED TRUE COPY**

For SRI CHAKRA CEMENTS LIMITED

Whole-time Director

## **BOARD OF DIRECTORS**

**SRI S.RAMAMURTHY**  
**SRI C.V. HANUMANTHA RAO**  
**SRI N. KRISHNA MOHAN**

**DIRECTOR**  
**DIRECTOR**  
**WHOLETIME DIRECTOR**

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

**COST AUDITORS**  
**M/s. K.V.R. Acharya & Co.,**  
**Flat No. 310, D. NO. 11-4-646**  
**D. Wing, Vijaya Hills,**  
**A. C. Guards**  
**HYDERABAD - 500 004**

**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 : 55612374, 23411251**

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

**SHARE TRANSFER AGENTS**  
**M/s Sidvin Fin. Con. Ser. Pvt. Ltd**  
**6-3-802, Ameerpet**  
**Hyderabad - 500 016**

**ELECTRONIC AGENTS**  
**M/S. VENTURE CAPITAL AND**  
**CORPORATE INVESTMENTS LTD**  
**12-10-134,(MIG-134)**  
**2nd floor, Bharat nagar colony**  
**Hyderabad - -500016**  
**Ph. : 040-23712250/53**  
**Fax No : 040-23712257**  
**Email : [venture\\_cap\\_hyd@rediff.com](mailto:venture_cap_hyd@rediff.com)**

**SRI CHAKRA CEMENTS LIMITED****NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 21st Annual General Meeting of the Members of the Company will be held on Saturday 27th September, 2003 at 11.00 AM at the Administrative office of the company, 3rd Floor, H.No. 6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad - 500 082. to transact the following Business.

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31-03-2003 and the Balance Sheet as on that date and the Auditors and Directors Report thereon.
2. To appoint a Director in place of Sri S. Rama Murthy, 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 : 16.08.2003

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, 2003 to 27th September, 2003(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 21st Annual Report and the Audited Statement of Accounts of your Company for the year ended on 31st March, 2003.

**PERFORMANCE OF THE COMPANY**

|                                                                                             | For the year<br>Ended<br><u>31.03.2003</u> | For the Year<br>Ended<br><u>31.03.2002</u> |
|---------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| 1. Production (M.T)                                                                         | 1,93,020                                   | 1,42,703                                   |
| 2. Gross Turnover: Qty (M.T)                                                                | 1,92,504                                   | 1,62,816                                   |
| Value (Rs. In Lakhs)                                                                        | 3,391.11                                   | 3,477.07                                   |
| 3. a) Gross Realisation per Ton Rs.                                                         | 1,761.59                                   | 2,135.58                                   |
| b) Net realisation per Ton (Naked) Rs.                                                      | 1,339.66                                   | 1,704.58                                   |
| 4. Profit/(Loss) after interest, depreciation<br>and prior period adjustment (Rs. in Lakhs) | (127.37)                                   | (64.39)                                    |
| 5. Cash accruals (after prior period adjustment)                                            | 94.56                                      | 152.36                                     |

**PRESENT STATUS WITH THE BIFR :**

Your Company is awaiting Rehabilitation Package from the BIFR. In the meanwhile, the Company has started offering OTS to the various Institutions and Banks involved and the following have already agreed in-Principle.

- a). Vijaya Bank
- b). ICICI Bank
- c). Indian Bank

Efforts are being made to finalise the OTS or restructuring with other Institutions and Banks, which your Company hopes to get it settled in next few months.

**DIRECTORS :**

Sri S. Rama Murthy, Director will be retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**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.

**COST ACCOUNTING**

The cost accounting records for the accounting year ended March 31, 2003 have been maintained in accordance with the cost accounting records. M/s. Acharya & Co, Cost Accountant was appointed as cost auditor for cost audit of accounts of the company for the year 2002-2003.

**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, 2003 the applicable accounting standards have been followed alongwith proper explanation 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, 2003 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 inaccordance 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, 2003 have been prepared on a going concern basis.

#### **CORPORATE GOVERNANCE :**

Your company has complied with the provisions of corporate governance as clause 49 of the listing agreement with the Stock Exchange(s). A separate report on Corporate Governance is included as a part of the Annual 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 month 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

**Place : Hyderabad**  
**Date : 16.08.2003**

## 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 share 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<br>and their attendance by the Director |          |          |          |         | AGM      |
|---------------------------|---------------------------------------------------------------------|----------|----------|----------|---------|----------|
|                           | 11/11/02                                                            | 30/01/03 | 30/04/03 | 30/07/03 | 16/8/03 | 28/09/02 |
| 1. Sri N. Krishna Mohan   | P                                                                   | P        | P        | P        | P       | P        |
| 2. Sri S. Ramamurthy      | L.A.                                                                | L.A.     | L.A.     | L.A.     | L.A.    | -        |
| 3. Sri C.V.Hanumantha Rao | P                                                                   | 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 commission and sitting fees paid to the Non-executive Directors for attending Board Meetings and Committee Meetings during the Financial year 2002-03 are as follows:

## SRI CHAKRA CEMENTS LIMITED

| Sl. No. | Name of Director        | Sitting Fees<br>(Rs.) | Total<br>(Rs.) |
|---------|-------------------------|-----------------------|----------------|
| 1.      | Sri. S.Rama Murthy      | --                    | --             |
| 2.      | Sri. C.V.Hanumantha Rao | 1250                  | 1250           |

The remuneration paid to the Wholetime Director during the year 2002-03 are as follows:

| Sl. No. | Name                 | Salary<br>Rs. | HRA<br>Rs. | Commission<br>Rs. | Perks<br>Rs. | Total<br>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.Ramamurthy       | 1) NIL              |
| 3.     | 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 COMMITTEE:

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.

- 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 11/11/2002, 30/01/2003, 30/04/2003, 30/07/2003 and 16/08/2003.

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

Location and time for last 3 Annual General meetings were:

| Year    | Location                                                                       | date       | Time       |
|---------|--------------------------------------------------------------------------------|------------|------------|
| 2001-02 | H.No.6-3-668/1086,Durganagar Colony, Punjagutta, Hyderabad-500 082.            | 28/09/2002 | 11.00 A.M. |
| 2000-01 | H.No.6-3-668/1086,Durganagar Colony, Punjagutta, Hyderabad-500 082.            | 28/09/2001 | 11.00 A.M. |
| 1999-00 | Sri Rajarajawari Kalyana Mandapam, Hanuman Temple, Ameerpet Hyderabad-500 016. | 29/09/2000 | 11.00 A.M. |

The 21st Annual General Meeting will be held on Saturday, September 27, 2003 at 11.00 A.M. at Admn.Off.6-3-668/1086, 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, 2002

30th Oct. 2002

Quarter ending 31st Dec, 2002

30th Jan, 2003

Quarter ending 31st Mar, 2003

30th Apr, 2003

Quarter ending 30th Jun, 2003

30th July, 2003

**11. Date of Book Closure :**

From 25th September, 2003 to 27th September, 2003 (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 vide ISIN INE 0857D01012.

**13. Share Department :**

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

Admn. Office at 6-3-668/10/66, Durganagar Colony,

Punjabgutta, Hyderabad - 500 082.

Ph.No(s); 23411251, 55612374/4633,

Fax; .No.040-23404657. Email: gsal@redif+mail.com

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

The Company has received 9,96,800 shares are dematerialised during the period from April, 2002 to 31st March, 2003.

The total percentage of the shares of the Company in Dematerialised form as on 31st March, 2003 is 5.80%.

**15. Shareholders Grievance Committee :**

The Shareholders Grievance Committee constituted by the Board of Directors and comprising of Sri. N.Krishna Mohan, Wholetime 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, Wholetime 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, 2003.

## SRI CHAKRA CEMENTS LIMITED

## 17. Distribution of Shareholding as at 30th July, 2003 :

| Shareholding    | No. of Shareholders | Percentage holders to total | No. of Shares   | Percentage to total Shareholding |
|-----------------|---------------------|-----------------------------|-----------------|----------------------------------|
| Upto 500        | 15233               | 99.53                       | 5595600         | 32.55                            |
| 501 - 1000      | 42                  | 0.27                        | 306900          | 1.79                             |
| 1001 - 2000     | 12                  | 0.08                        | 172100          | 1.00                             |
| 2001 - 3000     | 2                   | 0.01                        | 46200           | 0.27                             |
| 3001 - 4000     | 1                   | 0.01                        | 34600           | 0.20                             |
| 4001 - 5000     | 0                   | 0.00                        | 0               | 0.00                             |
| 5001 - 10000    | 1                   | 0.01                        | 85300           | 0.50                             |
| 10000 and Above | 14                  | 0.09                        | 10949380        | 63.70                            |
| <b>Total</b>    | <b>15305</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 : "News Time/New Business Standard",  
The New Indian Express - English  
"Andhra Prabha/Andhra Jyothi"  
"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, GURAZALA TALUK, 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 physical shares and any other query relating to the shares of the Company. | Secretarial Dept.<br>Sri Chakra Cements Ltd<br>6-3-668/10/66,<br>Durganagar Colony<br>Punjagutta,<br>HYDERABAD - 500 082. |
| 2.    | In case of holders of shares in Demat form<br>Change of Address/Bank Mandate Details and credit of Demat Account.                                                                                                                              | Depository Participant                                                                                                    |
| 3.    | Query on Annual Report                                                                                                                                                                                                                         | Secretarial Dept.<br>Sri Chakra Cements Ltd<br>6-3-668/10/66, Durganagar<br>Colony, Punjagutta,<br>HYDERABAD - 500 082.   |