

22nd

ANNUAL REPORT

2003 - 2004

(For the 18 Months Period 01-04-2003 – 30-09-2004)

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SRI CHAKRA
CEMENTS LIMITED

SRI CHAKRA CEMENTS LIMITED

BOARD OF DIRECTORS

SRI. S.RAMAMURTHY	DIRECTOR
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. ANS Nageshwara Rao & Co.,
Cost Accountants
21, Sushmani Apts, Opp: Court Complex,
S.P. Road, SECUNDERABAD-500 003.

FACTORY :

Unit -I
Narasimhapuri
Karampudi
Gurajala Taluk, A. P.

Unit - II
Annamarajapeta
Alamanda
Vizayanagaram. Dist, A. P.

BANKERS:

Vijaya Bank
State Bank of India
Union Bank of India

REGISTERED OFFICE :

6-3-802, Ameerpet,
HYDERABAD - 500 016.

ADMN. OFFICE / SHARE DEPT :

6-3-668/10/66,
Durganagar Colony,
Punjagutta,
HYDERABAD - 500 082.
Ph: No (s) . 55612374 / 23411251
E-mail : sccl@rediffmail.com

DEMAT AGENTS :

M/s. Venture Capital And Corporation Investments Ltd
12-10-134 (MIG - 134), 2nd Floor,
Bharat Nagar Colony, HYDERABAD - 500 016.
Ph : No (s) : 040 - 23712250/53 Fax No. 040 - 23712257
E-mail : venture_cap_hyd@redif.com

SRI CHAKRA CEMENTS LIMITED**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 22nd Annual General Meeting of the Members of the Company will be held on Friday the 31st December, 2004 at 11.00 AM at the Administrative office of the company, 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 18 Months Period ended 30-09-2004 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 and out of pocket expenses as may be fixed by the Board of Directors of the Company".

SPECIAL BUSINESS :

4. Re-Appointment of Sri. N. Krishna Mohan as Wholetime Director :

To consider and if thought fit, to pass with or without modification (s) the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 326, 309 of the Companies Act, 1956 read with Schedule XIII to the Act and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded for the re-appointment of Sri. N. Krishna Mohan, as wholetime Director of the Company with effect from 01-09-2004 for a period of 5 years with out any remunertion subject to approval of the members of the Company at the ensuing Annual General Meeting and the Financial Institutions".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be considered necessary or expedient to give effect to the resolution".

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

Place : Hyderabad
Date : 29.11.2004

N. Krishna Mohan
Wholetime Director

SRI CHAKRA CEMENTS LIMITED**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 REGISTERED 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 28th day of December, 2004 to 31st December, 2004 (Both days inclusive).
- 3) Members are requested to notify immediately any change in their address to the Company's Share Department 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 4 :

Re-appointment of Sri. N. Krishna Mohan, as Wholetime Director, since his tenure was expired on 31/08/2004 and his re-appointment of Wholetime Director has been considered and approved at the Board of Directors Meeting held on 30th July, 2004 subject to approval of the members of the Company at the ensuing Annual General Meeting of the Company.

None of the Directors, except Sri. N. Krishna Mohan is interested in the resolution.

SRI CHAKRA CEMENTS LIMITED**DIRECTORS REPORT**

Dear Share Holder (s),

Your Directors have pleasure in presenting the 22nd Annual Report and the Audited Statement of Accounts of your Company for the 18 months period ended on 30th september, 2004.

PERFORMANCE OF THE COMPANY :

	For the period Ended <u>30.09.2004</u>	For the Year Ended <u>31.03.2003</u>
1. Production (M.T) (Cement)	3,82,518	1,93,020
2. Gross Turnover: Qty (M.T) (Cement)	3,83,130	1,92,504
Value (Rs. In Lakhs) (Cement)	6,134.63	3,261.56
3. a). Gross Realisation per Ton Rs.	1,601.19	1,694.28
b). Net Realisation per Ton (Naked) Rs.	1,180.11	1,288.72
4. Profit/(Loss) after interest, depreciation and prior period adjustment (Rs. in Lakhs)	(362.96)	(127.35)

PRESENT STATUS WITH THE BIFR :

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

a). Vijaya Bank b). Union Bank of India and c). State Bank of India.

Efforts are being made to finalise the OTS with other Institutions which your Company hopes to get it settled shortly.

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.

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.Satyanaarayana & 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 period ended September 30, 2004 have been maintained in accordance with the cost accounting records. M/s A N S Nageshwara Rao & Co., was appointed as Cost Auditors for the 18 months period ended 2003-04.

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 18 months period ended September 30, 2004 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 consistely 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 for the 18 months period ended on 30th September, 2004 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 safe guarding the assets of the Comapny and to prevent and detect fraud and other irregularities:
- 4) That the Annual Accounts for the 18 months period ended 30th September, 2004 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 into 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 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 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
WholeTime Director

Places : Hyderabad
Date : 29.11.2004

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 and he is eligible for re-appointment on completion of tenure. The tenure of the Wholetime Director is upto 31-08-2009.

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						A G M
	30.10.03	30.01.04	30.04.04	30.07.04	31.10.04	29.11.04	30.09.03
1. Sri N. Krishna Mohan	P	P	P	P	P	P	P
2. Sri S. Rama Murthy	LA	LA	P	LA	LA	LA	LA
3. Sri C.V.Hanumantha Rao	P	P	P	P	P	P	P

P: Present

L.A.: Leave of absence granted

The Company has held 6 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 2003-04 are as follows:

Sl. No.	Name of Director	Sitting Fees (Rs.)	Total (Rs.)
1.	Sri S. Rama Murthy	250	250
2.	Sri C.V.Hanumantha Rao	1500	1500

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The remuneration paid to the Wholetime Director during the year 2003-04 are as follows:

Sl. No.	Name	Salary	HRA	Commission/Perks	Total
		Rs.	Rs.	Rs.	Rs.
1.	Sri. N.Krishna Mohan	4,50,000	-	-	66,000
					5,16,000

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. Rama Murthy	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 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.

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- 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 five times on 30/10/2003, 30/01/2004, 30/04/2004, 30/07/2004, 31/10/2004 and 29/11/2004.

8. General Body Meeting(s) :

Location and time for last 3 Annual General meetings were:

Year	Location	Date	Time
2002-03	H.No.6-3-668\10\66,Durganagar Colony, Punjagutta, Hyderabad - 500 082.	30/09/2003	11.00 A.M.
2001-02	H.No.6-3-668\10\66,Durganagar Colony, Punjagutta, Hyderabad - 500 082.	28/09/2002	11.00 A.M.
2000-01	H.No.6-3-668\10\66,Durganagar Colony, Punjagutta, Hyderabad - 500 082.	28/09/2001	11.00 A.M.

The 22nd Annual General Meeting will be held on Friday, December 31, 2004 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 .

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, 2004	30th Oct. 2004
Quarter ending 30th June, 2004	30th July, 2004
Quarter ending 31st Mar, 2004	30th Apr, 2004
Quarter ending 30th Dec, 2003	30th Jan, 2004

11. Date of Book Closure :

From 28th December, 2004 to 31st December, 2004 (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, Punjagutta, Hyderabad. Ph. No (s) : 23411251, 55612374, Fax .No : 040 - 23404657. E-mail: scci@rediffmail.com

14. Dematerialisation of Shares and Liquidity :

The Company has received 30,23,200 shares are dematerialised during the period from April, 2003 to 30th Sept, 2004. The total percentage of the shares of the Company in Dematerialised form as on 30th Sept, 2004 is 17.58%.

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 oversee 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 30th September, 2004.