

# **23rd**

## **ANNUAL REPORT**

### **2004 - 2005**

(For the 6 Months Period 01-10-2004 – 31-03-2005)

Report  Junction.com



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

**BOARD OF DIRECTORS**

|                                    |                                 |
|------------------------------------|---------------------------------|
| <b>SRI. S.RAMAMURTHY</b>           | <b>DIRECTOR</b>                 |
| <b>SRI. V. V. S. R. ANJANEYULU</b> | <b>DIRECTOR</b>                 |
| <b>SRI . C. V. HANUMANTH RAO</b>   | <b>DIRECTOR(Up to 29.04.05)</b> |
| <b>SRI. N. KRISHNA MOHAN</b>       | <b>WHOLETIME DIRECTOR</b>       |

**STATUTORY AUDITORS :**

**M/s. SATYANARAYANA & CO.**  
Chartered Accountants  
Amar Mansion, Ranigunj  
**SECUNDERABAD - 03**

**COST AUDITORS :**

**M/s. AVNS Nageshwara Rao & Co.,**  
Cost Accountants  
H. No. 30-1569/2, Plot No.35, Anantanagar  
Colony, Neredmet, SECUDERABAD-56

**FACTORY :**

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

**Unit - II**  
Annamarajupeta  
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 / 55614633  
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@rediff.com

**SHARE DEPARTMENT/ADMN.OFF:**

6-3-668/10/66, Durganagar Colony,  
Punjagutta, Hyderabad-500082  
Ph.No.: 23411251, 55612374  
Fax No.: 91-40-23406457  
email: scc@rediffmail.com





**DIRECTORS REPORT**

Your Directors have pleasure in presenting the 23rd Annual Report and the Audited Statement of Accounts of your Company for the Six months period ended 31st March, 2005.

**PERFORMANCE OF THE COMPANY :**

|   | For the 6 Months<br>period Ended<br><u>31.03.2005</u> | For the 18 Months<br>Period Ended<br><u>30.09.2004</u> |
|---|---|--|
| 1. Production (M.T) (Cement)  | 1,51,844  | 3,82,518   |
| 2. Gross Turnover: Qty (M.T) (Cement)   | 1,51,635  | 3,83,130   |
| Value (Rs. in Lakhs) (Cement)   | 2840.42   | 6134.63  |
| 3. a). Gross Realisation per Ton Rs.  | 1873.20   | 1,601.19   |
| b). Net Realisation per Ton (Naked) Rs.   | 1352.19   | 1,160.11   |
| 4. Profit/(Loss) after interest, depreciation<br>and prior period adjustment (Rs. in Lakhs) | (123.51)  | (362.96)   |

**PRESENT STATUS WITH THE BIFR :**

As the members are aware that the company has been registered with BIFR vide 186/88. BIFR at their meeting held on 8-6-2005 formed an opinion that the company is not viable and therefore recommended for its winding up. Company has filed an appeal to AAIFR for consideration of setting aside the BIFR Order. Simultaneously the Company started clearing the dues of Secured Creditors. In this Extent Settlement with all the 4 Commercial Banks involved in the funding of the Company have been cleared. OTS negotiations are in advanced stage in respect of IDBI/IFCI/ ICICI/SBI.

**DIRECTORS :**

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

During the period Sri. C. V. Hanumanth Rao was resigned due to his old age. Your Board of Directors records its appreciation for the valuable services rendered by him during his tenure as director.

Sri V V S R Anjaneyulu was appointed as additional Director w.e.f. 29.04.2005 to hold the office till next Annual General Meeting subject to retire by rotation.

**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 period ended March 31, 2005 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 6 months period ended 31.03.2005.

**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 6 months period ended March 31, 2005 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 for the 6 months period ended on 31st March, 2005 and of Loss of the Company for that period.
- 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 safe guarding the assets of the Company and to prevent and detect fraud and other irregularities:
- 4) That the Annual Accounts for the 6 months period ended 31st March, 2005 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 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

V V S R Anjaneyulu  
Director

N.Krishna Mohan  
WholeTime Director

Place : Hyderabad  
Date : 31.08.2005

## 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.

### 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 |          |          |          |          | A G M |
|---------------------------|---|----------|----------|----------|----------|-------|
|                           | 29.11.04  | 31.01.05 | 29.04.05 | 28.07.05 | 31.08.05 |       |
| 1. Sri N. Krishna Mohan   | P   | P        | P        | P        | P        | P     |
| 2. Sri S. Rama Murthy     | LA  | LA       | P        | LA       | LA       | P     |
| 3. Sri C.V.Hanumantha Rao | P   | P        | R        | -        | -        | P     |
| 4. Sri V V S R Anjaneyulu | -   | -        | P        | P        | P        | P     |

P: Present

R:Resigned

L.A.: Leave of absence granted

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

### 5. REMUNERATION COMMITTEE :

The Composition of the committee comprises three directors. The Chairman of the Committee is a Non-Executive Director.

Remuneration Policy : The Remuneration Committee of the Company recommends the compensation package and other terms and conditions of Wholetime Director. No remuneration is paid to the Wholetime Director.

During the period the committee has not met. However, since no remuneration is paid to the Wholetime Director.

**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 V V S R Anjaneyulu | 1). NIL              |

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. V V S R Anjaneyulu 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 five times on 29.11.2004, 31.01.2005, 29.04.2005, 28/07/2005, and 31.08.2005.

**8. GENERAL BODY MEETING(S) :**

Location and time for last 3 Annual General meetings were:

| Year    | Location   | Date       | Time       |
|---------|--|------------|------------|
| 2003-04 | H.No.6-3-668\10\66,Durganagar Colony, Punjagutta, Hyderabad - 500 082. | 31.12.2004 | 11.00 A.M. |
| 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. |

The 23rd Annual General Meeting will be held on Friday, September 30, 2005 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<br>Quarterly Financial Results |
|--------------------------------|---|
| Quarter ending 30th June, 2005 | 31st July, 2005   |
| Quarter ending 31st Mar., 2005 | 30th April, 2005  |
| Quarter ending 31st Dec., 2004 | 31st Jan., 2005   |
| Quarter ending 30th Sep, 2004  | 30th Oct., 2004   |

**11. Date of Book Closure :**

From 28th September, 2005 to 30th September, 2005 (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 857D01012.

**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: sccl@rediffmail.com

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

The Company has received 1,03,100 shares for dematerialised during the period from October, 2004 to 31st July, 2005. The total percentage of the shares of the Company in Dematerialised form as on 31st August, 2005 is 0.59%.

**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 V V S R Anjaneyulu , Director inter-alia oversees the transfer of shares and redressal of shareholders/ investors grievances and Complaints regarding non-receipt of dividends, Annual Reports, etc.

**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, 2005.