

Annual Report 1999-2000

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Dalmia Cement (Bharat) Limited

DALMIA CEMENT (BHARAT) LIMITED

DIRECTORS

SHRI P.K. KHAITAN-Chairman

SHRI N.GOPALASWAMY

SHRI S.K. MISRA

Whole-time Director (s)

SHRI N. KHAITAN

SHRI S. RAVI (Nominee of Indian Renewable Energy Development Agency Limited)

SHRI S.K. MUKHOPADHYAY (Nominee of Unit Trust of India)

SHRI M. RAGHUPATHY

SHRI J.S. BAIJAL

BANKERS

PUNJAB NATIONAL BANK

ANZ GRINDLAYS BANK p.l.c.

CANARA BANK

CORPORATION BANK

UNITED BANK OF INDIA

STANDARD CHARTERED BANK

STATE BANK OF TRAVANCORE

BANQUE NATIONALE DE PARIS

HEAD OFFICE

11TH & 12TH FLOORS, 'HANSALAYA'

15, BARAKHAMBA ROAD

NEW DELHI-110001

REGISTERED OFFICE

DALMIAPURAM - 621 651

DISTRICT TIRUCHIRAPALLI

(TAMIL NADU)

AUDITORS

S.S. KOTHARI & CO.

CHARTERED ACCOUNTANTS

DALMIA CEMENT (BHARAT) LIMITED

(Registered Office: Dalmiapuram - 621 651, Distt. Tiruchirapalli, Tamil Nadu)

NOTICE

NOTICE is hereby given that the Forty-Eighth Annual General Meeting of the Members of the Company will be held in the Community Hall premises at the Registered Office of the Company at Dalmiapuram, District Tiruchirapalli, Tamil Nadu, on Friday the 29th September, 2000 at 10.00 a.m. to transact the following business:

1. To consider and adopt the Profit and Loss account for the year ended 31st March, 2000, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To confirm payment of interim dividend.
3. To appoint a Director in place of Shri N. Khaitan, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION:

" RESOLVED that Shri J. S. Baijal be and is hereby appointed as a Director of the Company."

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION:

" RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the mortgaging and/or charging of all the moveable and immoveable properties of the Company, both present and future, pertaining to its Sugar unit at Ramgarh, Tehsil Misrikh, Dist. Sitapur, Uttar Pradesh to or in favour of the undermentioned Financial Institution/Bank(s) to secure the Rupee Term Loan(s) sanctioned by them :-

- (a) Rs. 1,000 Lakhs sanctioned by ICICI Limited; and
- (b) Rs. 1,200 Lakhs in the aggregate sanctioned by Punjab National Bank and Corporation Bank;

New Delh.
Dated: 27.05.2000

By Order of the Board
K.V.MOHAN
Company Secretary

(A)

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, on a poll, in his/her stead. A proxy need not be a member of the Company. Proxy form, duly completed, should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. The Register of Members of the Company will remain closed from 16th September, 2000 to 29th September, 2000 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items of Special Business is enclosed.
4. Members are requested to notify immediately the change in their address, if any, to M/s. Karvy Consultants Limited, No. 21, Avenue No. 4, Street No. 1, Banjara Hills, Hyderabad – 500 034, Registrar and Share Transfer Agents of the Company. Any communication with the Registrar and Share Transfer Agents will be greatly facilitated, if the Folio number is quoted in all correspondence.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5:

The Board of Directors of the Company had appointed Shri J. S. Baijal as a Director in their meeting held on 31.5.1999 in the casual vacancy caused by the resignation of Shri S. S. Dalmia. The term of office of Shri J. S. Baijal expires at the conclusion of the next General Meeting of the Company. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 together with the requisite deposit from a Shareholder of the Company proposing the appointment of Shri J. S. Baijal as a Director of the Company.

No Director except Shri J. S. Baijal has any interest or concern in the Resolution.

Copy of the notice is available for inspection at the Registered Office of the Company, between 11.00 a.m. and 1.00 p.m., on all working days upto the date of the Meeting.

Item No. 6:

As a security for the Term Loan of Rs. 1000 Lakhs sanctioned by ICICI Limited and Rs. 1200 Lakhs, in the aggregate, by Punjab National Bank/ Corporation Bank, respectively, for its Sugar expansion project, the Company would be required to give a first charge, on a pari passu basis, with the existing charge holder(s), of all the moveable and immovable properties, both present and future, pertaining to its Sugar unit at Ramgarh, Tehsil Misrikh, Dist. Sitapur, Uttar Pradesh in favour of the aforesaid Financial Institution and Banks.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a Public Limited Company shall not, without the consent of the Shareholders in a General Meeting sell, deliver or otherwise dispose of the whole or substantially whole of the undertaking of the Company. A mortgage of the Company's properties is not a disposal of the whole or substantially the whole of the undertaking of the Company, and, therefore, Section 293(1)(a) of the Companies Act, 1956 does not apply to the case. However, their approval is sought as an abundant caution.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

(B)

5 YEARS FINANCIAL HIGHLIGHTS

	31.3.96	31.3.97	31.3.98	31.3.99	Rs. Lakhs 31.3.2000
Sales and Other Income	26497	29534	30071	34042	38564
Operating Profit (PBIDT)	7766	7571	7481	7216	7456
Gross Profit	6008	5162	4671	4135	4336
Profit before tax	4898	3900	3034	2218	2317
Profit after tax	3810	2910	2619	2012	2114
Fixed Assets (Net)	17377	25190	26629	26834	28873
Investments	457	1812	4477	4411	4420
Net Current Assets	10139	12782	12646	14442	16415
Share Capital	765	765	765	765	765
Reserves and Surplus	15235	17422	19536	20854	22563
Borrowings	11973	21598	23451	24067	26381
Earning per Share (Rs.)	49.79	38.03	34.22	26.30	27.63
Net Worth per Share (Rs.)	209.10	237.69	265.37	282.60	304.94
Debt-Equity Ratio	0.75	1.19	1.16	1.11	1.12
Current Ratio	3.00	3.06	2.99	3.37	3.20
Dividend (Rs. Lakhs)	383	383	383	344	342

DCB**DIRECTORS' REPORT**

FOR THE YEAR ENDED 31ST MARCH, 2000

The Directors have pleasure in submitting their Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	This year (Rs. in Lakhs)	Previous year (Rs. in Lakhs)
Gross Profit	4336.39	4135.04
Less: Depreciation	2019.37	1916.81
Profit before tax	2317.02	2218.23
Less: Provision for tax	203.45	206.00
Profit after tax	2113.57	2012.23
Add: Surplus brought forward	3898.69	3115.21
Profit available for appropriation	6012.26	5127.44
APPROPRIATIONS :		
General Reserve	500.00	500.00
Reserve for Bad and Doubtful Debts	8.50	—
Debenture Redemption Reserve	557.00	350.00
Interim Dividend	344.34	—
Proposed Dividend	—	344.32
Corporate Dividend tax thereon	37.88	34.43
Balance carried forward	4564.54	3898.69
	6012.26	5127.44

DIVIDEND

2. Your Directors have paid an interim dividend of Rs. 4.50 per Share of Rs. 10/- each to those shareholders whose names appeared in the Register of Members of the Company on 16th May 2000. Hence, no final dividend is being recommended.

CEMENT DIVISION

- 3.1 Production of Clinker and Cement and Cement despatches during the last three years are as follows :

	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
	(Figures in '000 MT)		
Clinker Production	791	745	796
Cement Production	1004	889	861
Cement Despatches	994	888	846

- 3.2 With the stabilisation of the new Vertical Roller Mill for Cement grinding, the Company could increase the production of blended Cements, particularly Pozzolana Cement, thus increasing the production and despatches by about 12% and crossing the 1 million tonne level. However, with the stabilisation of new capacities that came on stream in South India during 1998-99, the prices remained subdued during the year and the situation continues.
- 3.3 Major cost cutting exercise has helped the Company to maintain its profitability of this division. Significant reduction in power consumption and improvement in product mix were achieved. The effort to cut costs continues.

DALMIA MAGNESITE CORPORATION

- 4.1 The production and sales of Dead Burnt Magnesite (including Monolithics) and Magnesia-Carbon Bricks for the last three years are as follows:

	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
	(Figures in '000 MT)		
<u>DBM</u>			
Production	25	20	26
Sales	19	17	22
	(Figures in MT)		
<u>MgO-C Brick</u>			
Production	3036	1121	40
Sales	3003	612	26

- 4.2 Sales were affected due to recession in the Steel Industry and delayed payments by customers. Consequently, during the year under review, the Dead Burnt Magnesite plant could be operated only for 239 days. Magnesia-Carbon Bricks have been well received by some Mini-Steel Plants who are giving regular orders. Performance of the Magnesia-Carbon Brick plant is expected to improve with constant interaction with customers.
- 4.3 During the year 91 workers availed Voluntary Retirement and the Unit spent about Rs. 112 lakhs. So far, 911 workers have availed benefit under the Scheme and the total expenditure on this account since 1993 has been Rs. 736 lakhs.

RAMGARH CHINI MILLS

- 5.1 The Cane crushing, Sugar and Molasses production and Sugar sales during the last three years are as follows:

	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
	(Figures in lakh quintals)		
Cane crushed	62.76	44.17	28.97
Sugar production	5.81	4.05	2.92
Sugar sales	4.16	3.35	2.88
Molasses production	3.20	2.07	1.35

- 5.2 The total Cane crushed during the Sugar season 1999-2000 was 73.40 lakh quintals with a recovery of 9.47% as against 47.10 lakh quintals with a recovery of 9.37% during the previous season. Necessary steps have been initiated to improve the varietal composition of cane for better sugar recovery.
- 5.3 The enhancement of crushing capacity from 2,500 TCPD to 5,000 TCPD was partially implemented during the crushing season 1999-2000. The work is underway to install balance equipment's for achieving optimum efficiencies and enhanced crushing.
- 5.4 The 1999-2000 Sugar season commenced with All India Sugar stocks of 69 lakh MT's. The Sugar production in the country for the season is expected to be about 170 lakh MT's against the annual consumption of about 155 lakhs MT's and imports are placed at about 5 lakhs MT. The stocks at the end of the season are expected to be about 89 lakhs MT's equivalent to about 7 months consumption. The Sugar prices, as a result, may remain under pressure.
- 5.5 The Government announced Sugar Policy changes with effect from 1st January, 2000 by revising the non-levy and levy Sugar ratio from 60:40 to 70:30 in pursuance of the Mahajan Committee recommendations. The Government is also considering further liberalisation of free-sale levy ratio. The Government has further increased the import duty on Sugar to 60% and brought imported Sugar under the levy obligation to place

DCB

matters at par with domestic sugar industry. It has reduced imports and this will go a long way to benefit the Indian Sugar Cane farmers and Sugar Industry.

DALMIA INTERNATIONAL

6. During the year under review, there was no mining activity due to continued strike by the workers and the Company's application to the Government for extension of the temporary working permit is still pending approval by the concerned authorities.

GOVAN TRAVELS

7. The performance of the Govan Travels unit is satisfactory. To attract more foreign tourists, a web-site is being created to provide on-line information about India as a tourism destination. All Govan Travels offices are proposed to be linked via internet and/or virtual private network.

DALMIA ELECTRONICS CORPORATION

8. Till alternative products are explored, the unit is doing contract assembly job.

ELECTRONICS DIVISION

- 9.1 The production and sales of Multilayer Ceramic Chip Capacitors for the last three years are as follows :

	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
		(Nos. in Million)	
Production	53.27	29.67	17.42
	(48.72)	(27.62)	(14.71)
Sales	55.95	25.52	18.20
	(50.90)	(24.83)	(15.32)

The production and sales in equivalent 0805 and 1206 sizes in 50:50 ratio for the three years are given in brackets.

- 9.2 The Production and sales have improved with the building up of customers' confidence in the Company's products.
- 9.3 During the previous year, the Company exported about two million capacitors to Hongkong.
- 9.4 The unit is currently in the process of obtaining accreditation to Quality System 9000 (QS-9000).

WIND ENERGY FARM

10. During the year the performance of this unit has been extremely good, thanks to the wind availability. The average load factor has been about 27% during the year, as compared to 22% in the previous year. During the year 4 Nos. Wind Energy Generators of 750 KW each have been installed, taking the total capacity to 16.525 MW and the new machines have been performing satisfactorily.

DALMIA REFRACTORIES

- 11.1 The production and despatches of refractories for the last two years were as under:

	<u>1999-00</u>	<u>1998-99</u>
	(Figures in '000 MT)	
Production	25	20
Despatches	19	17

- 11.2 With the renewed effort of the Government to revive the steel industry, it is expected that the demand for the products will pick up.

INDUSTRIAL RELATIONS

12. The Industrial relations during the year under review remained harmonious and cordial, except in Hospet Unit. The Directors wish to place on record their appreciation for the excellent cooperation received from all the employees at the various units of the Company.

EMPLOYEES' PARTICULARS

13. The Statement of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 is attached.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE TRANSACTIONS

14. A statement giving details of Conservation of Energy, Technology Absorption and Foreign Exchange transactions, in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and marked as Annexure-A, forming part of this report.

SUBSIDIARIES

- 15.1 The Directors' Report and audited accounts of Anupama Investment Limited, Kanika Investment Limited, Surya Finance Limited, Ishita Properties Limited, Prachita Investment Limited, D.C.B. Investment Limited, D.I. Investment Limited, Avniya Finance Limited and Hemshila Finance Limited, subsidiaries of your Company, for the year ended 31st March, 2000 are annexed.
- 15.2 Consequent upon the merger of Shri Rangam Investment Company Limited with Mayuka Investments Limited by virtue of the Orders of the Madras High Court, Poonam Finance Limited has ceased to be a Subsidiary of your Company.

FIXED DEPOSITS

16. The total amount of deposits (excluding deposits transferred on amalgamation of Telesound India Limited) remaining due for payment and not claimed by the depositors as on 31st March, 2000 was Rs. 38.00 lakhs in respect of 38 depositors, out of which deposits amounting to Rs. 3.38 lakhs in respect of 12 depositors have since been paid/renewed.

DIRECTORS

- 17.1 Shri N. Khaitan retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.
- 17.2 Shri J.S. Bajjal, who was co-opted as a Director in the casual vacancy caused by the resignation of Shri S.S. Dalmia, ceases to hold office at the conclusion of the ensuing Annual General Meeting. The Company has received a notice from a Shareholder together with requisite deposit as required under Section 257 of the Companies Act, 1956 stating his intention to propose the name of Shri J.S. Bajjal as a Director of the Company.
- 17.3 The nomination of Shri N.K. Garg was withdrawn by Unit Trust of India on 1.6.1999. He joined the Board on 26.3.1993. The Board places on record its appreciation for the valuable services rendered by him during his tenure on the Board.
- 17.4 Shri A.C. Ahuja resigned from the Board on 13.10.1999. He joined the Board on 15.11.1996. The Board places on record its appreciation for the valuable services rendered by him during his tenure on the Board.
- 17.5 Shri S.K. Mukhopadhyay was nominated as a Director of the Company with effect from 26.10.1999 by Unit Trust of India in place of Shri N.K. Garg.

PARTICULARS REQUIRED AS PER LISTING REQUIREMENTS

18. The Shares of the Company are listed on the Mumbai, Delhi, Calcutta, Madras and National Stock Exchange. The annual listing fees has been duly paid.

AUDITORS

19. M/s. S. S. Kothari & Co., Chartered Accountants, retire and are eligible for re-appointment. As required under Section 224 of the Companies Act, 1956, the Company has obtained from them a certificate to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said Section.

For and on behalf of the Board

NEW DELHI
Dated: 27th May, 2000

P.K. Khaitan
CHAIRMAN

DCB**ANNEXURE-A****PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO AND EARNINGS.****A. CONSERVATION OF ENERGY**

(a) Energy Conservation measures taken:

- i) Energy Audit for manufacturing process.
- ii) Usage of alternate fuel in pyro-processing.
- iii) Installation of HT & LT Capacitors for Power Factor improvement.
- iv) Variable Frequency drives for Cooler Fans.
- v) High Efficiency Fan retrofit.
- vi) Updated expert system for Kiln operation/Raw Meal blending.
- vii) Clinker Cooler retrofit for high heat recovery.
- viii) Utilisation of Generator waste heat for Raw Material drying/Cement grinding.
- ix) Designing of Sugar Boiling House suitable for flow of process material by gravity.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- i) Utilisation of Generator high temperature water waste heat for plant air conditioning.
- ii) High efficiency Classifier for Vertical Roller Mills.

(c) Impact of measures taken already and proposed vide (a) and (b) above are aimed at :

- i) Enable the Company to save energy to the extent of at least 3% from current levels.

(d) Total energy consumption and consumption per unit of production as per Form "A" attached.

B. TECHNOLOGY ABSORPTION

(e) Efforts made in technology absorption as per Form "B" attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services, and export plans:

- i) Cement : We have exported 7,736 MT's Portland Cement during the year.
- ii) Electronics : During the year Chip Capacitors valuing US \$ 9,950 were exported to Hongkong.
- iii) Magnesite/Refractories: Efforts are being made to explore possibilities of exports to nearby Asian Countries.

(g) Total foreign exchange used and earned during the year:

	(Rs. Lakhs)
i) Used	2,362.22
ii) Earned	226.56