

# ***Annual Report*** **2000-2001**



**Dalmia Cement (Bharat) Limited**

**DALMIA CEMENT (BHARAT) LIMITED**

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

**NOTICE**

**NOTICE** is hereby given that the Fortyninth 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 28th September, 2001 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, 2001, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon
2. To declare a dividend.
3. To appoint a Director in place of Shri P.K. Khaitan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri M. Raghupathy, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS:**

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

“ **RESOLVED** that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

Substitute the Article 1A, with the following new Article 1A:

“ 1 A. Subject to the provisions of Section 86 and other applicable provisions, if any, of the Act, the Company may issue Ordinary Shares with voting rights or with differential rights as to dividend, voting or otherwise in accordance with such Rules and subject to such conditions as may be prescribed and the Resolutions authorising such issue shall prescribe the terms and conditions of the issue.” ”

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

“ **RESOLVED** that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

Insert the following heading and new Article 87A after the existing Article 87:

**“NOMINATION IN RESPECT OF SHARES AND DEBENTURES**

87A. Every holder of Shares in, or holder of Debentures of, the Company may, at any time, nominate a person to whom his Shares in or Debentures of, the Company shall vest in the event of his death and the Company shall, subject to the provisions of Section 109A and other applicable provisions, if any, of the Companies Act, 1956, and the Rules made thereunder, register such nomination.” ”

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

(a) “ **RESOLVED** that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri N. Gopalaswamy as a Whole-time Director of the Company, for a period of three years with effect from 1st August, 2001, on the salary, perquisites etc. set out in the agreement dated 31<sup>st</sup> July, 2001 entered into between the Company and Shri N. Gopalaswamy.”

- (b) **RESOLVED FURTHER** that in the event of loss or inadequacy of profits in any financial year, the remuneration as aforesaid shall be continued to be paid to Shri N. Gopalaswamy as minimum remuneration provided, however, that the total remuneration shall not exceed the ceiling prescribed under Schedule XIII of the Companies Act, 1956."
- (c) **RESOLVED FURTHER** that the Board of Directors of the Company be and are hereby authorised to enhance and/or vary the remuneration and to alter/make or accept variations in the terms of appointment and in the other terms of the agreement, so however that, the remuneration and other terms and conditions are in accordance with Schedule XIII of the Companies Act, 1956 including any statutory modifications or re-enactment thereof or any further amendments / substitution thereto and any guidelines or notifications on managerial remuneration which may be issued or any rules that may be prescribed by the Central Government from time to time, and acceptable to Shri N. Gopalaswamy."

9. 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, by way of a second charge, of all the fixed and moveable assets of the Company, both present and future, pertaining to its Sugar unit at Ramgarh Chini Mills, Tehsil Misrikh, Dist. Sitapur, Uttar Pradesh to or in favour of the Central Government to secure the Term Loan of Rs. 13,44,89,200/- sanctioned by them."

New Delhi,  
Dated: 10.8.2001

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

**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 18th September, 2001 to 28th September, 2001 (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. Dividend, when declared, will be paid to those members or their mandatees, except in cases where Section 206A of the Companies Act, 1956 is applicable, whose names will appear on the Register of Members as on the date of the Annual General Meeting. Members desiring to submit dividend mandates may do so by 18<sup>th</sup> September, 2001 and may send such mandates directly to the Registrars and Share Transfer Agents of the Company.
5. Members are requested to notify immediately the change in their address, if any, to the Registrars and Share Transfer Agents/Registered Office of the Company. Any communication with the Company 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. 3 and 4:**

Shri P.K. Khaitan, was re-appointed as a Director of the Company in the Annual General Meeting held on 26-8-1999. He is an Advocate and has a rich experience in legal and commercial matters. He holds Directorships in several Public Companies, including one Foreign Company, which include Bata India Ltd., CESC Ltd., OCL India Ltd., Electrosteel Casting Ltd., Eveready Industries India Ltd., G I S Ltd., Graphite India Ltd., Hindustan Motors Ltd., India Glycols Ltd., Insilco Ltd., Pilani Investment & Industries Corporation Ltd., South Asian Petrochem Ltd., Utkal Investments Ltd., Vesuvius India Ltd., Guggenbuhl Khaitan Consultants Ltd. and is an Alternate Director in Flender Ltd.

Shri M. Raghupathy was appointed as a Director of the Company in the Annual General Meeting held on 26-8-1999. He is a post graduate in Economics and a retired Officer of the Indian Administrative Service and has rich experience in administrative matters. He does not hold Directorship in any other Company.

**Item No. 6:**

The Shareholders are aware, that a new Article 1A was introduced in the Articles of Association of the Company and was approved by the Shareholders in the Annual General Meeting of the Company held on 29.9.1994. This Article permitted the Company to issue new shares with non-voting rights in accordance with the guidelines laid down by the Shareholders of the Company when authorising such issue.

With the amendments made to the provisions of Section 86 of the Companies Act, 1956, relating to issue of shares with differential rights as to dividend, voting or otherwise, in accordance with the guidelines to be laid down in this behalf, the Board of Directors of the Company are of the view that the existing Article 1A of the Articles of Association of the Company requires to be amended to be in line with the provisions of the Act.

Your Directors recommend that the proposed Resolution be passed by way of a Special Resolution.

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

Copy of the Articles of Association of the Company is open 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. 7:**

The Shareholders are aware, that in terms of Section 109A of the Companies Act, 1956, they are permitted to nominate a person in whom his Shares in or Debentures of the Company shall vest in the event of his/her death.

Your Directors are of the view that the suitable provision in this regard requires to be incorporated in the Company's Articles of Association and hence this Resolution.

Your Directors recommend that the proposed Resolution be passed by way of a Special Resolution.

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

Copy of the Articles of Association of the Company is open 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. 8:**

Section 269 of the Companies Act, 1956 provides that every Company having a paid up share capital of Rs. 5 crores or more shall have a Managing Director or a Whole-time Director or a Manager. The paid-up share capital of your Company is above Rs. 5 crores and, therefore, it is mandatory to appoint a Managing Director or a Whole-time Director or a Manager.

Shri N. Gopalaswamy was re-appointed as Whole-time Director of the Company for a period of three years effective from 1st August, 1998. His term expired on 31st July, 2001. The Board of Directors have decided to re-appoint Shri N. Gopalaswamy on a monthly salary of Rs. 68,000/-, besides other perquisites. The Board of Directors have desired that the Whole-time Director should get his usual increments from time to time and his basic salary and other perquisites may be revised by them in consultation with the Whole-time Director.

Copies of the agreement between the Company and the said Whole-time Director is open 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.

Except Shri N. Gopalaswamy, no other Director of the Company is interested in the said Resolution(s) except as a Shareholder/Director.

The terms of appointment of the said Shri N. Gopalaswamy is as under: -

1. **Terms of appointment:** Three years, effective 1st August, 2001.
2. **Functions and powers:** Subject to control, direction and supervision of the Board of Directors, the Whole-time Director shall be entrusted with substantial powers of the management of the Company and, in particular, he shall manage the Cement unit of the Company at Dalmiapuram. He shall also perform such other duties as may be entrusted to him, from time to time, by the Board of Directors.
3. **Remuneration:**

**I. Salary:**

Rs. 68,000/- per month with effect from 1.8.2001 plus such annual increments as may be sanctioned by the Board of Directors, each year. In addition to the salary aforementioned Shri N. Gopalaswamy shall also be entitled to bonus/award of such amount as may be decided by the Board of Directors, from time to time.

**II. Perquisites:**

In addition to the salary, perquisites specified hereunder shall be allowed: -

- (a) **Housing:** An unfurnished accommodation owned/leased by the Company. Ten percent of the salary shall be deducted for such housing provided by the Company.
- (b) **Gas, Electricity, Water and Furnishing:** Expenses on gas, electricity, water and furnishing to be valued as per Income-tax Rules, 1962 and not to exceed ten percent of the salary.
- (c) **Medical Reimbursement:** Medical expenses for self and family.
- (d) **Leave Travel Concession:** Leave travel expenses incurred for self and family in accordance with the rules of the Company.
- (e) **Club Fees:** Fees of clubs subject to a maximum of two clubs excluding admission and life membership fees.
- (f) **Personal Accident/Medical Insurance:** Premium at actuals.
- (g) **Company's contribution to Provident Fund, Superannuation Fund and Gratuity:** Company's contribution to provident fund, superannuation fund and gratuity fund will not be included in the computation of ceiling on the perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable should not exceed half a month's salary for each completed year of service.
- (h) **Leave encashment:** Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.
- (i) **Car and telephone:** The Company shall provide a car with driver for use on Company's business and telephone at residence; and these will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Whole-time Director.

**III. Minimum Remuneration:**

In the event of absence or inadequacy of profits in any financial year, during the currency of tenure of the Whole-time Director, the Company shall pay to the Whole-time Director, remuneration by way of salary and perquisites as specified above, so however, that the salary and perquisites shall not exceed the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

**IV. Other terms:**

- (a) The Whole-time Director shall be entitled to privilege and sick/casual/general leave on full pay and allowances as per the Rules of the Company as applicable to its Executives. Accumulated leave not availed of since his date of appointment as Whole-time Director of the Company will be permitted to be encashed as per the Rules of the Company.
- (b) The Whole-time Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or any Committee thereof.
- (c) The headquarters of Shri N. Gopalaswamy shall, for the time being, be at Dalmiapuram and he shall be allowed reimbursement of travelling expenses on Company's business outside the headquarters as per the rules of the Company as applicable to its top Executives.
- (d) The Whole-time Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife, sons or unmarried daughters in any selling agency of the Company in future without the prior approval of the Central Government.

The above may be treated as an abstract of the terms and conditions of the appointment of the Whole-time Director as required under Section 302 of the Companies Act, 1956.

**Item No. 9:**

As a security for the term loan of Rs. 13,44,89,200/- raised by the Company from the Government of India, it is proposed to offer by way of security a second charge on the fixed and moveable assets of the Company's Sugar Unit, both present and future.

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.

Copy of the sanction letter for the term loan sanctioned by the Government of India is available for inspection of the Shareholders 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.



**DALMIA CEMENT (BHARAT) LIMITED**

**DIRECTORS**

SHRI P.K. KHAITAN-Chairman  
SHRI N.GOPALASWAMY } Whole-time Director  
SHRI S.K. MISRA  
SHRI N. KHAITAN  
SHRI S.K. MUKHOPADHYAY (Nominee of Unit Trust of India)  
SHRI M. RAGHUPATHY  
SHRI J.S. BAIJAL

**BANKERS**

PUNJAB NATIONAL BANK  
CANARA BANK  
CORPORATION BANK  
UNITED BANK OF INDIA  
STATE BANK OF TRAVANCORE  
BNP PARIBAS  
ICICI BANK LIMITED

**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

*DCB*

## 5 YEARS FINANCIAL HIGHLIGHTS

	31.3.97	31.3.98	31.3.99	31.3.00	Rs. Lakhs 31.3.01
Sales and Other Income	29534	30071	34042	38564	42735
Operating Profit (PBIDT)	7571	7481	7216	7456	8836
Gross Profit	5162	4671	4135	4336	5588
Profit before tax	3900	3034	2218	2317	3612
Profit after tax	2910	2619	2012	2114	2880
Fixed Assets (Net)	25190	26629	26834	28873	28611
Investments	1812	4477	4411	4420	4902
Net Current Assets	12782	12646	14442	16415	18813
Share Capital	765	765	765	765	765
Reserves and Surplus	17422	19536	20854	22563	25012
Borrowings	21598	23451	24067	26381	26549
Earning per Share (Rs.)	38.03	34.22	26.30	27.63	37.64
Net Worth per Share (Rs.)	237.69	265.37	282.60	304.94	336.89
Debt-Equity Ratio	1.19	1.16	1.11	1.12	1.03
Current Ratio	3.06	2.99	3.37	3.20	3.29
Dividend (Rs. Lakhs)	383	383	344	344	383


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**DIRECTORS' REPORT**

FOR THE YEAR ENDED 31ST MARCH, 2001

The Directors have pleasure in submitting their Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2001.

**FINANCIAL RESULTS**

	This Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
<b>Gross Profit</b>	<b>5588.41</b>	4336.39
Less: Depreciation	<u>1976.61</u>	<u>2019.37</u>
<b>Profit before tax</b>	<b>3611.80</b>	2317.02
Less: Provision for tax	<u>732.00</u>	<u>203.45</u>
<b>Profit after tax</b>	<b>2879.80</b>	2113.57
Add: Surplus brought forward	<u>4564.54</u>	<u>3898.69</u>
<b>Profit available for appropriation</b>	<b>7444.34</b>	6012.26
<b>APPROPRIATIONS:</b>		
General Reserve	500.00	500.00
Reserve for Bad and Doubtful Debts	—	8.50
Debenture Redemption Reserve	587.50	557.00
Interim Dividend	—	344.34
Proposed Dividend	382.58	—
Corporate Dividend tax thereon	39.03	37.88
Balance carried forward	<u>5935.23</u>	<u>4564.54</u>
	<b>7444.34</b>	6012.26

**DIVIDEND**

2. Your Directors take pleasure in recommending payment of dividend of Rs. 5/- per share of Rs. 10/- each as against Rs. 4.50 per share for the previous year.

**CEMENT DIVISION**

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

	2000-01	1999-00	1998-99
	(Figures in '000 MT)		
Clinker Production	858	791	745
Cement Production	1018	1004	889
Cement Despatches	1019	994	888

- 3.2 The all India cement consumption has shown a negative growth rate of about 2% during the current year. The cement consumption in the markets of Tamil Nadu and Kerala, where your Company has a significant presence, the decline was marginal which was reflective of the general slow down in the economy during the year. In spite of these factors, your Company was able to increase its sales by about 2.5% during the year. The Company launched a new brand in the market, viz., VAJRAM, which was quite well received by the customers.
- 3.3 Cost cutting exercise continued during the year. Production of blended cements was further increased. Further, significant reduction in power consumption was achieved. Voluntary Retirement Scheme was introduced during the year to right size its manpower. Steep increases in the costs of furnace oil and coal, however, washed away the gains.

## DCB

- 3.4 Better realisation and sales, together with major cost cutting exercises helped in improving the profitability of the division. During the current year, the Company is planning to undertake major upgradation of KHD Kiln at a cost of about Rs.45 crores, which is expected to increase the capacity of that Kiln by about 25% and also result in significant cost savings.

### 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:

	2000-01	1999-00	1998-99
	(Figures in '000 MT)		
<u>DBM</u>			
Production	3	25	20
Sales	13	19	17
	(Figures in MT)		
<u>MgO-C Bricks</u>			
Production	2041	3036	1121
Sales	2201	3003	612

- 4.2 Sales were controlled and restricted based on payments by customers. Consequently, during the year under review, the Dead Burnt Magnesite plant could be operated only for 47 days. Magnesia-Carbon Bricks have been well received by some Mini-Steel Plants who are giving regular orders. However, the Brick sales were affected due to long stoppage of the plant of one of the major customers and delays in payments by our customers. The performance of the Brick plant is expected to improve with constant interaction with the customers.
- 4.3 Dalmia Magnesite Corporation got the accreditation of "ISO-9002: 1994" for the Magnesia Carbon Bricks and Monoliths for two years from Underwriters Laboratories Inc., USA.
- 4.4 During the year 77 workers availed Voluntary Retirement and the unit spent about Rs. 99 lakhs. So far 988 workers have availed benefit under the scheme and the total expenditure on this account since 1993 has been Rs. 835 lakhs.
- 4.5 Currently, the products manufactured by this Unit are being sold to Steel units using electric arc furnace induction furnace and ladle refining furnaces. Due to intense competition in the Refractory industry margins have been heavily squeezed. In order to improve profitability of this unit the Company has taken various steps to contain the cost of manufacture and to expand its market in middle east and near Asian countries, for which it is in the process of identifying potential customers; getting itself registered as an approved vendor with Steel Authority of India and Bhilai Steel Plant; and developing new products for use in cement, alloy steel and glass industry by in-house research and development efforts, which are presently under trial in cement plants as also the alloy steel industry.

### RAMGARH CHINI MILLS

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

	2000-01	1999-00	1998-99
	(Figures in '000 MT)		
Cane crushed	791.08	627.58	441.70
Sugar production	77.39	58.09	40.47
Sugar sales	55.61	41.61	33.50
Molasses production	41.43	32.00	20.72