
DALMIACEMENT (BHARAT) LIMITED

DIRECTORS

SHRI P.K. KHAITAN-Chairman
SHRI N.GOPALASWAMY - Whole-time Director
SHRI N. KHAITAN
SHRI M. RAGHUPATHY
SHRI J.S. BAIJAL

BANKERS

PUNJAB NATIONAL BANK
CANARA BANK
CORPORATION BANK
STATE BANK OF INDIA
STATE BANK OF TRAVANCORE
BNP PARIBAS
UTI BANK LIMITED
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 MEHTA & CO.
CHARTERED ACCOUNTANTS



5 YEARS FINANCIAL HIGHLIGHTS

	Rs. Lakhs				
	31.3.01	31.3.02	31.3.03	31.3.04	31.3.05
Sales and Other Income	42735	42881	47098	46541	54313
Operating Profit (PBIDT)	8836	8540	7469	7890	7854
Gross Profit	5588	5559	4655	5158	5602
Profit before tax	3612	3536	2555	3089	3573
Profit after tax	2880	2546	1989	2537	3087
Fixed Assets (Net)	28611	41486	38126	36476	61594
Investments	4902	7583	14884	14849	8733
Net Current Assets	18813	17911	14867	17826	21296
Share Capital	765	765	765	765	765
Reserves and Surplus	25012	32763	33127	34071	35066
Borrowings	26549	27321	27838	28247	49884
Earning per Share (Rs.)	37.64	33.28	26.00	33.16	40.34
Net Worth per Share (Rs.)	336.89	438.19	442.95	455.29	468.28
Debt-Equity Ratio	1.03	0.81	0.82	0.81	1.39
Current Ratio	3.29	3.17	2.94	2.89	2.38
Dividend (Rs. Lakhs)	383	421	344	383	383

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2005

The Directors have pleasure in submitting their Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS

	This Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Gross Profit	5602	5158
Less: Depreciation	2029	2069
Profit before Exceptional item:	3573	3089
Exceptional item		
Cane Price difference of earlier year's	1209	—
Less: Amount withdrawn from General Reserve	1209	—
Profit before tax	3573	3089
Provision for tax	247	827
Provision for deferred tax	239	(275)
Profit after tax	3087	2537
Add:		
(i) Surplus brought forward	9263	8115
(ii) Excess provision for tax written back	137	—
Profit available for appropriation	12487	10652
APPROPRIATIONS:		
General Reserve	500	300
Reserve for Bad and Doubtful Debts	130	25
Debenture Redemption Reserve	883	633
Proposed Dividend	382	382
Dividend Distribution tax thereon	55	49
Balance carried forward	10537	9263
	12487	10652

DIVIDEND

2. Your Directors take pleasure in recommending payment of dividend of Rs. 5 per share of Rs. 10/- each as against Rs. 5 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:

	2004-05	2003-04	2002-03
	(Figures in '000 MT)		
Clinker Production	1151	1043	1025
Cement Production	1405	1293	1225
Cement Sales and Self Consumption	1403	1297	1223

- 3.2 During the financial year ended March 2005 while the All India cement consumption has grown by 5.2%, consumption in Tamil Nadu/Kerala, the main marketing areas of your Company has grown marginally by 0.1%, while Company's sales grew by 5.8%. The improved performance in sales is due to the strong brand image and quality of the cement manufactured by the Company.
- 3.3 As reported last year, the brown field expansion of the cement unit is proceeding in full swing and additional volumes from the new plant is expected to be available from September, 2005 onwards. With the additional volume, your Company's market share in the States of Tamil Nadu and Kerala is likely to increase. The Company is also exploring the markets of the State of Karnataka for selling the additional volume.

- 3.4 Installation of the Captive Thermal Power Plant was completed in March, 2005. Benefit of this on the cost of power, would consequently be available in financial year 2006.

DALMIA MAGNESITE CORPORATION

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

	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
	(Figures in '000 MT)		
<u>DBM</u>			
Production	21	22	9
Sales and Self Consumption	19	17	10
	(Figures in MT)		
<u>MgO-C/HTSR Bricks</u>			
Production	1969	1916	1703
Sales and Self Consumption	1966	2028	1660

- 4.2 During the year 60 workers availed Voluntary Retirement and the unit spent about Rs. 137 lakhs. The entire amount incurred during the year on payments made under the scheme has been charged off to the Profit & Loss account. An amount of Rs. 14 crores has been spent so far on payments under the Voluntary Retirement Scheme.
- 4.3 Against a capital cost of Rs. 30 lakhs spent on the Magnetic Separator Plant in 2003-04, the total revenue generated by selling rejects processed through this plant during the year was Rs. 82 lakhs. In addition 6,100 MT of processed material was recycled to manufacture approximately 3,290 MT of Dead Burnt Magnesite.
- 4.4 During the year, trial order of Magnesia-Carbon Bricks was received from the Vizag Steel Plant. Supplies against this order is to take place in the current year.
- 4.5 Due to highly competitive market, the prices of the products manufactured by this division could not be increased even though the prices of furnace oil and diesel increased, thus affecting margins.

RAMGARH CHINI MILLS

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

	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
	(Figures in 000' MT)		
Cane crushed	702	886	706
Sugar production	73	89	71
Sugar sales	75	66	97
Molasses production	34	47	36

- 5.2 The total Cane crushing during the Sugar season 2004-05 was 7.02 lakh MT with a recovery of 9.82% as against 6.30 lakh MT with a recovery of 10% during the previous season. The recovery was low as the cane crop was affected due to poor climatic conditions and early commencement of crushing operations to avoid diversion of cane.
- 5.3 In May 2004 the Supreme Court upheld the State Government's right to announce the State Advised Price (SAP) for sugar cane above the Statutory Minimum Price (SMP) fixed by the Central Government. The State Government of Uttar Pradesh declared the SAP of sugar cane for the season 2004-05 at Rs. 107 per quintal, which is 12.6% higher than the SAP of Rs. 95 per quintal fixed for the previous season. Besides this, the State Government of Uttar Pradesh issued Notifications for making the SAP of sugar cane mandatory for the sugar seasons 2002-03 and 2003-04, which has resulted in an additional cane price liability amounting to Rs. 1,209 lakhs for the Company, as it had earlier paid only the SMP.
- 5.4 Even after meeting the higher cane price payment and differential cane price payment for earlier years, the profitability of this unit has improved mainly due to higher realisation of sugar and molasses and higher sales volume of sugar.

GOVAN TRAVELS

6. The net business done by this unit during the current year grew by 15% to Rs. 30.70 crores. Future income is likely to be affected with the reduction in commission payments received from International business. However, strenuous efforts are being made to generate non-airline ticketing revenue from other travel related services.

ELECTRONICS DIVISION

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

	Chip Capacitors			Chip Resistors		
	2004-05	2003-04	2002-03	2004-05	2003-04	2002-03
		(Nos. in Million)			(Nos. in Million)	
Production	9.28	9.18	12.75	11.68	12.44	19.53
Sales	7.71	10.07	12.91	11.99	12.32	19.85

- 7.2 Compared to the previous year, lesser orders were received from defence units. However, this deficiency was made up by orders from telecom and consumer product companies. Efforts to secure orders from defence units are continuing.

WIND ENERGY FARM

8. Plant load factor has been about 24% during the year, as compared to 26% in the previous year. This can be considered as satisfactory.

DALMIA REFRACTORIES

- 9.1 The production and despatches of refractories for the last three years are as under:

	2004-05	2003-04	2002-03
		(Figures in '000 MT)	
Production	30	21	20
Sales and Self Consumption	30	20	21

- 9.2 The demand for the product picked up during the year under review mainly due to supplies made to new coke oven plants. The unit's performance has shown considerable improvement.

INDUSTRIAL RELATIONS

10. The industrial relations during the year under review remained harmonious and cordial. 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

11. The statement giving particulars of employees who were in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Rules and Notifications made thereunder, is annexed.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE TRANSACTIONS

12. 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

13. The Directors' Report and audited accounts of Anupama Investment Limited, Kanika Investment Limited, Ishita Properties Limited, Shri Rangam Properties Limited, Geetee Estates Limited, D.I. Properties Limited, Avniya Properties Limited, Hemshila Properties Limited and Himshikhar Investments Limited, subsidiaries of your Company, for the year ended 31st March, 2005 are annexed.

FIXED DEPOSITS

14. The total amount of deposits remaining due for payment and not claimed by the depositors as on 31st March, 2005 was Rs. 11.77 Lakhs in respect of 19 depositors, out of which deposits amounting to Rs. 6.78 Lakhs in respect of 10 depositors have since been paid/renewed.

DIRECTORS

- 15.1 Shri P.K. Khaitan and Shri M. Raghupathy, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has obtained necessary intimations from them in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 to the effect that they have not incurred any disqualification under Section 274(1)(g) of the Companies Act, 1956 and they are eligible to be reappointed as Directors of the Company.
- 15.2 The nomination of Shri M. Sankaranarayanan as a Director of the Company was withdrawn by Unit Trust of India effective 16-6-2004 and consequently he ceased to be a Director of the Company. The Board wishes to place on record its appreciation for the valuable contribution made by him during his tenure on the Board.

PARTICULARS REQUIRED AS PER LISTING REQUIREMENTS

- 16.1 In accordance with the Listing requirements a note on Corporate Governance and Management Discussion and Analysis in respect of the major units of the Company are enclosed.
- 16.2 In terms of the Resolution passed by the Shareholders in the Annual General Meeting held on 27-9-2003, the Company applied for delisting of its securities from dealings on the Calcutta Stock Exchange. The application for delisting of the securities is still pending with the aforesaid Exchange.

DIRECTORS RESPONSIBILITY STATEMENT

17. In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors declare that
- (a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no departures have been made there from;
 - (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
 - (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
 - (d) the Directors had prepared the annual accounts on a going concern basis.

AUDITORS

18. M/s. S.S. Kothari Mehta & 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.

NEW DELHI
Dated: 21st May, 2005

For and on behalf of the Board
P.K.Khaitan
CHAIRMAN

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 done by CII under world class energy efficiency programme.
 - (ii) Usage of alternate fuel in pyro-processing and kilns.
 - (iii) Retrofitting low efficiency pumps in mines with high efficiency pumps.
 - (iv) Retrofitting inefficient piston type compressors with high efficiency screw compressors.
 - (v) 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) Cooler up gradation to reduce specific heat consumption.
 - (ii) Retrofitting low efficiency fans with high efficiency fans for cooler vent and CVRM booster fan.
 - (iii) Duct modification in pre-heater down comer to reduce power consumption.
 - (iv) Variable frequency drives for water pumps.
 - (v) Utilising cooler vent hot gas for air conditioning/refrigeration.
 - (vi) Bye pass duct for coal mill hot gas fan for power saving.
- (c) Impact of measures taken already and proposed vide (a) and (b) above are aimed at:
- (i) Enable the Company to save electrical energy and thermal energy as compared to previous levels.
- (d) Total energy consumption and consumption per unit of production as per Form "A" attached.

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services, and export plans:
- (i) Cement: The Company has exported 11,485 MT's Portland Cement during the year.
 - (ii) Magnesite/Refractories: Ramming Mix, etc valued at US \$ 1,92,529 F.O.B., was exported. Efforts are being made to explore possibilities of exports to nearby Asian Countries.
- (b) Total foreign exchange used and earned during the year:

	(Rs. Lakhs)
(i) Used	7761.49
(ii) Earned	417.64

FORM 'A'

(Form of Disclosure of Particulars with respect to Conservation of Energy)

	<u>Current year</u>	<u>Previous year</u>
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY:		
a) Purchased:		
Units (KWH in Lakhs)	395.41	410.81
Total Amount (Rs. Lakhs)	1927.68	2010.40
Rate/Unit (Rs.)	4.88	4.89
b) Own Generation:		
i) Through Diesel Generator:		
Units (KWH in Lakhs)	682.98	527.18
KWH per Litre of HSD/FO	4.20	4.15
Rate/Unit (Rs.)	3.46	3.51
ii) Through Steam Turbine:		
(Generated out of own bagasse consumption)		
Units (KWH in Lakhs)	226.84	287.65
2. COAL-SLACK/STEAM – GRADES B TO E, LIGNITE AND COKE BREEZE		
Quantity ('000 MT)	145	132
Total Cost (Rs. Lakhs)	5118.11	3406.40
Average Rate (Rs. / MT)	3528	2579
3. FURNACE OIL INCLUDING (LSHS & HSD)		
Quantity (MT)	21118	17869
Total Amount (Rs. Lakhs)	2678.27	2172.67
Average Rate (Rs. / MT)	12682	12159
4. OTHERS/INTERNAL GENERATION		
Quantity (Lakh MT)	1.02	1.29
Total Amount (Rs. Lakhs)	902.38	401.28
Average Rate (Rs. / MT)	884	310

B. CONSUMPTION PER UNIT OF PRODUCTION:

PRODUCT	CEMENT			DEAD BURNT MAGNESITE		
	Standard if any	Current year	Previous year	Standard if any	Current year	Previous year
Electricity (Units/MT)		75*	71		103	100
Furnace Oil (including LSHS) (Kgs. /MT)		0.54	0.52		207	212
Coal (Kgs. / MT)		100	102		NIL	NIL
PRODUCT	SUGAR			MgO-CARBON BRICKS		
	Standard if any	Current year	Previous year	Standard if any	Current year	Previous year
Electricity (Units/MT)		319	331		189	200
Diesel Oil (including LSHS) (Kgs. /MT)		N.A.	N.A.		29	31
PRODUCT	REFRACTORIES					
	Standard if any	Current year	Previous year			
Electricity (Units/MT)		N.A.	N.A.			
Furnace Oil (including LSHS) (Kgs. /MT)		10.37	12.63			
Coal (Kgs. / MT)		147.66	158.39			

* Specific consumption when compared to last year reduced. However, due to increased level of production, Ball Mills were run to grind the extra production and as a result the average power consumption increased when compared to last year.

FORM "B"

(Form of Disclosure of Particulars with respect to Absorption)

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D is carried out by the Company:

- (a) Development of Special and Blended Cements.
- (b) High Thermal Shock Resistance Magnesite Bricks developed in house are being used in our Rotary Kiln for manufacture of Dead Burnt Magnesite. Evaluation in Cement Plant is partially over. Free trials in Dolomite sintering Rotary Kiln at Bhilai Steel Plant is expected to commence in the financial year 2005-06.
- (c) Development and field testing of Quick Repair Mix for repairing concrete pavements was completed. Commercial sales promotion is planned in the coming year 2005-06.
- (d) Development of Magnesia Alumina Spinel Brick is over and these Bricks are to be evaluated in the Company's Rotary Kiln during the year 2005-06.
- (e) A new Ramming Mix has been developed for glass industry tanks. Samples have been given to a prospective user.
- (f) Trials for LD Converter Gunning Mix were successfully completed in Vizag Steel Plant and the Company has been registered as a approved Vendor.
- (g) Development of Micro Carbon fully tempered Magnesia Brick for use in Alloy Steel and small Electric Arc Furnaces. Trial orders were received from overseas and this product was partially commercialised during 2004-05 for use in steel plants.
- (h) Use of waste derived and other alternative fuels.
- (i) Recycling of waste refractory products is continuing and this has resulted in substantial savings to the Company.

2. Benefits derived as a result of the above R&D:

Production of value added items resulting in increased turnover and conservation of scarce foreign exchange for the Country. Also to offer price and performance wise superior products to customers to enable them to reduce their specific consumption. Use of waste fuels and other waste materials resulted in cost reduction in operation and helped in reducing environmental pollution.

3. Future plans of action:

- (a) Development of Special and Blended Cements.
- (b) Use of alternative non-conventional energy sources.
- (c) Conduct further test firing of high thermal shock resistant Magnesite Bricks, and more evaluation by potential customers like cement and integrated steel plants.
- (d) Development of High Value and High Voltage Capacitors.
- (e) Use of Waste derived and alternative fuels.
- (f) New product development.

4. Expenditure on R&D:

	(Rs. Lakhs)
(a) Capital	Nil
(b) Recurring	7.73
(c) Contribution/Expenditure on Research and Development	2.29
(d) Total	10.02
(e) Total R&D Expenditure as a percentage of turnover	0.02 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

- (a) Considerable improvement in life of expensive spare parts as a result of introduction of control charts and continuous monitoring.
- (b) Technology for manufacture of Oil Well Cement with improved additive response (in-house development) has been implemented.
- (c) Considerable improvement in the life of expensive wear parts as a result of innovative material selection for limestone grinding.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:

The Company as a result of the above efforts, has made improvement in the product quality and saved energy resulting into cost savings. Considerable improvement in the life of expensive spare parts as a result of introduction of control charts and continuous monitoring.

3. No technology has been imported for the last five years.

STATEMENT OF EMPLOYEES FORMING PART OF DIRECTORS' REPORT FOR 2004-05

Sl. No.	Name	Age	Qualifications	Experience (years)	Designation/ Nature of duties	Date of Commence-ment of Employment	Remune-ration received Rs.	Last Employment held	
								Name of Company/ Organisation	Designation
A. Employed throughout the financial year:									
01.	Dalmia Jai Hari	60	B.E. (Elec.), M.S. in Electrical Engineering, USA	36	President – Magnesite, Electronic and Travel Agency Division	01.08.1975	24,18,313	Orissa Cement Limited	Executive Director
02.	Dalmia Yadu Hari	58	B.Com. (Hons), F.C.A.	35	President – Cement Division and Co-ordination	01.01.1970	29,05,087	None	None

Note: 1. In addition to the above remuneration, employees are entitled to Gratuity and benefit of Personal Accident Insurance in accordance with the Company's Rules.