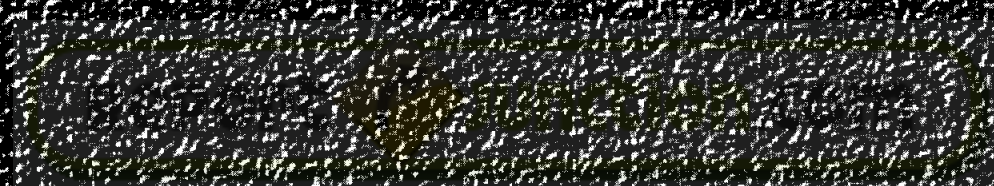

ANNUAL REPORT 2001-2002



Dalmia Cement (Bharat) Limited

DALMIACEMENT (BHARAT) LIMITED

DIRECTORS

SHRI P.K. KHAITAN-Chairman
SHRI N.GOPALASWAMY - Whole-time Director
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**

	31.3.98	31.3.99	31.3.00	31.3.01	Rs. Lakhs 31.3.02
Sales and Other Income	30071	34042	38564	42735	42881
Operating Profit (PBIDT)	7481	7216	7456	8836	8540
Gross Profit	4671	4135	4336	5588	5559
Profit before tax	3034	2218	2317	3612	3536
Profit after tax	2619	2012	2114	2880	2546
Fixed Assets (Net)	26629	26834	28873	28611	41486
Investments	4477	4411	4420	4902	7583
Net Current Assets	12646	14442	16415	18813	17911
Share Capital	765	765	765	765	765
Reserves and Surplus	19536	20854	22563	25012	32763
Borrowings	23451	24067	26381	26549	27321
Earning per Share (Rs.)	34.22	26.30	27.63	37.64	33.28
Net Worth per Share (Rs.)	265.37	282.60	304.94	336.89	438.19
Debt-Equity Ratio	1.16	1.11	1.12	1.03	0.81
Current Ratio	2.99	3.37	3.20	3.29	3.17
Dividend (Rs. Lakhs)	383	344	344	383	421

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2002

The Directors have pleasure in submitting their Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

	This Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Gross Profit	5558.66	5588.41
Less: Depreciation	<u>2022.56</u>	<u>1976.61</u>
Profit before tax	3536.10	3611.80
Less: Provision for tax	<u>675.00</u>	<u>732.00</u>
Provision for deferred tax	<u>315.00</u>	<u>—</u>
Profit after tax	2546.10	2879.80
Add: Surplus brought forward	<u>5935.23</u>	<u>4564.54</u>
Profit available for appropriation	8481.33	7444.34
APPROPRIATIONS:		
General Reserve	500.00	500.00
Reserve for Bad and Doubtful Debts	5.00	—
Debenture Redemption Reserve	808.15	587.50
Proposed Dividend	420.85	382.58
Corporate Dividend tax thereon	—	39.03
Provision for deferred Tax of earlier years	5816.25	—
Balance carried forward	<u>931.08</u>	<u>5935.23</u>
	<u>8481.33</u>	<u>7444.34</u>

DIVIDEND

2. Your Directors take pleasure in recommending payment of dividend of Rs. 5.50 per share of Rs. 10/- each, subject to deduction of tax at source, 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:

	2001-02	2000-01	1999-00
	(Figures in '000 MT)		
Clinker Production	817	858	791
Cement Production	1045	1018	1004
Cement Sales	1042	1019	994

- 3.2 As reported last year, the Company had undertaken substantial expansion of the cement unit, which has been successfully commissioned during January, 2002. This necessitated stopping of the kiln for about three weeks resulting in lower clinker production. The expansion has resulted in an increase in the cement manufacturing capacity by two lakh tonnes, and would also incidentally contribute to reduction in the power consumption resulting in significant cost savings. During April, 2002 the Company has also completed the Cooler upgradation project, which would result in bringing down the fuel consumption.
- 3.2 While the all India cement consumption has shown a positive growth rate of about 10% during the current year and the cement consumption in the South zone including Maharashtra has grown by 6.5%, the

DCB

cement consumption in the Tamil Nadu and Kerala, the main marketing areas of your Company, has grown by 1.35% only. In spite of these factors, and new capacity additions in Tamil Nadu of over three million tonnes, your Company was able to increase its sales volume by about 2.35% during the year. However, new capacity additions without any growth in consumption have put pressure on prices, adversely affecting the profitability.

- 3.4 Efforts on cost reduction are continuing. The Company is exploring the possibilities of using alternative and cheaper fuels to substitute imported coal, as well as minimising movements via depots to save on freight costs.

DALMIA MAGNESITE CORPORATION

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

	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
	(Figures in '000 MT)		
<u>DBM</u>			
Production	11	3	25
Sales	11	13	19
	(Figures in MT)		
<u>MgO-C Bricks</u>			
Production	1521	2041	3036
Sales	1641	2201	3003

- 4.2 During the year 108 workers availed Voluntary Retirement and the unit spent about Rs. 148 lakhs. So far, 1096 workers have availed benefit under the scheme and the total expenditure on this account since 1993 has been Rs. 983 lakhs.
- 4.3 New markets were developed in the Middle East. Small quantity was exported during the year under review. The unit obtained Vendor registration from Rourkela Steel Plant, Alloy Steel Plant and Bhilai Steel Plant. Free trials were completed at the Vizag Steel Plant.

RAMGARH CHINI MILLS

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

	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
	(Figures in '000' MT)		
Cane crushed	722	791	627
Sugar production	70	77	58
Sugar sales	67	56	42
Molasses production	37	41	32

- 5.2 The total Cane crushed during the Sugar season 2001-02 was 8.23 lakh MT with a recovery of 9.73% as against 7.09 lakh MT with a recovery of 9.77% during the previous season. Steps have intensified to improve sugarcane varietal composition to improve sugar recovery.
- 5.3 The Sugar season 2001-02 commenced with All India Sugar stocks of 112 lakh MT's. The Sugar production in the country for the season 2001-02 is expected to be about 183 lakh MT's against the annual consumption of about 165 lakhs MT's and exports are placed at about 10 lakhs MT. The stocks at the end of the season are expected to be about 120 lakhs MT's equivalent to over 8 months consumption. As a result, the Sugar prices would continue to remain under pressure.

- 5.4 The Government has announced its policy on reforms in sugar sector, as a result of which compulsory levy sugar percentage has been reduced from 15% to 10% with effect from 1st March, 2002. The Government has also issued a notification under the Forward Contracts (Regulation) Act, 1952 allowing futures/forward trading in Sugar. The Government has further decided to completely decontrol Sugar after the operationalisation of futures/forward market in Sugar during the year 2002-03, as also dismantle the release mechanism. The Government has also decided to amend the Sugar Development Fund Act to give soft loans to Sugar Mills for by-product utilisation and to defray the expenditure on internal transport for exports.

DALMIA INTERNATIONAL

6. There was no mining activity during the year under review due to non-receipt of working permit from the Government despite several requests. Towards the end of the financial year, the Company has transferred its Mining Lease in Hospet to another party, in accordance with the provisions of the Mineral Concession Rules.

GOVAN TRAVELS

7. The performance of the Govan Travels unit is satisfactory. As already reported, a web-site has been created to provide on-line information about India as a tourism destination. Response to the web-site is satisfactory. A new web-site for Indian tourists is being created. The Kochi Branch celebrated its Silver Jubilee during the year.

DALMIA ELECTRONICS CORPORATION

8. As reported earlier, contract assembly job is being undertaken in this unit.

ELECTRONICS DIVISION

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

	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
		(Nos. in Million)	
Production	13.21 (12.91)	49.50 (42.36)	53.27 (48.72)
Sales	16.06 (14.84)	48.19 (41.13)	55.95 (50.90)

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 sales have been affected due to competition from the international manufacturers and no orders were received from manufacturers of C-DOT exchanges. The Department of Communications also did not order any C-DOT exchanges.
- 9.3 The unit is accredited to Quality System 9000 (QS- 9000) from Underwriters Laboratories Inc., U.S.A.

WIND ENERGY FARM

10. Mother Nature has been very kind and the average load factor has been about 27% during the year, as compared to 24% in the previous year. This can be considered as very good by all standards.

DALMIA REFRACTORIES

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

DCB

	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
	(Figures in '000 MT)		
Production	25	23	25
Sales	21	23	19

- 11.2 The demand for the product continued to remain sluggish during the year under review. Efforts are being made to reduce costs and explore export potential. With selective marketing and better realisations, the units performance has improved.

INDUSTRIAL RELATIONS

12. The industrial relations during the year under review remained harmonious and cordial. The Directors wish to place on record their appreciation for the excellent Cupertino received from all the employees at the various units of the Company.

EMPLOYEES' PARTICULARS

13. During the year no Employee was 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.

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, 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, 2002 are annexed.
- 15.2 Surya Finance Limited ceased to be a subsidiary of your Company on its amalgamation with M/s. Shree Nirman Limited under the order of the Calcutta High Court dated 15.10.2001 and the order of Delhi High Court dated 2.5.2002.

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, 2002 was Rs. 15.52 Lakhs in respect of 41 depositors, out of which deposits amounting to Rs. 2.40 Lakhs in respect of 5 depositors have since been paid/renewed.

DIRECTORS

- 17.1 Shri N. Khaitan and Shri J.S. Baijal retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.
- 17.2 Shri S.K. Misra, Whole-time Director, ceased to hold office on the completion of his tenure of appointment on 31st July, 2001. The Board places on record its appreciation for the valuable services rendered by Shri S.K. Misra, during his tenure on the Board.

PARTICULARS REQUIRED AS PER LISTING REQUIREMENTS

- 18 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.

DIRECTORS RESPONSIBILITY STATEMENT

19. 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 therefrom;
 - (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

20. 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: 30th May, 2002

P.K. Khaitan
CHAIRMAN

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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) 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) Dry fly-ash addition in Pozollana Portland Cement, reducing paid heat.
 - (ii) High efficiency dynamic Classifier for Coal grinding unit.
 - (iii) Clinker Cooler retrofit for high heat recovery
- (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.
- (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 5,880 MT's Portland Cement during the year.
 - (ii) Electronics: During the year Chip Capacitors valuing US \$ 960 were exported.
 - (iii) Magnesite/Refractories: Ramming Mix was exported to Gulf countries. 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	1727.82
(ii) Earned	280.13

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)	419.57	358.41
Total Amount (Rs. Lakhs)	1857.74	1607.77
Rate/Unit (Rs.)	4.43	4.49
b) Own Generation:		
i) Through Diesel Generator:		
Units (KWH in Lakhs)	466.92	587.42
KWH per Liter of HSD/FO	4.09	4.13
Rate/Unit (Rs.)	2.77	2.91
ii) Through Steam Turbine:		
(Generated out of own bagasse consumption)		
Units (KWH in Lakhs)	223.26	243.53
2. COAL-SLACK/STEAM - GRADES B TO E, LIGNITE AND COKE BREEZE		
Quantity ('000 MT)	116	127
Total Cost (Rs. Lakhs)	3089.54	3058.73
Average Rate (Rs. / MT)	2658	2412
3. FURNACE OIL INCLUDING (LSHS & HSD)		
Quantity (MT)	15341	16630
Total Amount (Rs. Lakhs)	1505.73	1792.70
Average Rate (Rs. / MT)	9815	10780
4. OTHERS/INTERNAL GENERATION		
Quantity (MT)	1.00	1.10
Total Amount (Rs. Lakhs)	163.76	345.21
Average Rate (Rs. / MT)	163	315

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)		84	87		158	444
Furnace Oil (including LSHS) (Kgs. /MT)		1.40	0.81		246	506
Coal (Kgs. / MT)		112	116		NIL	NIL
PRODUCT	SUGAR			MgO-CARBON BICKS		
	Standard if any	Current year	Previous year	Standard if any	Current year	Previous year
Electricity (Units/MT)		332	331		211	250
Diesel Oil (including LSHS) (Kgs. /MT)		N.A.	N.A.		28	52
PRODUCT	REFRACTORIES					
	Standard if any	Current year	Previous year			
Electricity (Units/MT)		N.A.	N.A.			
Furnace Oil (including LSHS) (Kgs. /MT)		17.61	16.90			
Coal (Kgs. / MT)		147.54	124.54			