



Dalmia Cement (Bharat) Limited

**ANNUAL REPORT
2002 - 2003**



Panoramic View of Cement Plant at Dalmiapuram

DALMIA CEMENT (BHARAT) LIMITED

DIRECTORS

SHRI P.K. KHAITAN-Chairman

SHRI N.GOPALASWAMY - Whole-time Director

SHRI N. KHAITAN

SHRI M. SANKARANARAYANAN (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**

	31.3.99	31.3.00	31.3.01	31.3.02	Rs. Lakhs 31.3.03
Sales and Other Income	34042	38564	42735	42881	47098
Operating Profit (PBIDT)	7216	7456	8836	8540	7469
Gross Profit	4135	4336	5588	5559	4655
Profit before tax	2218	2317	3612	3536	2555
Profit after tax	2012	2114	2880	2546	1989
Fixed Assets (Net)	26834	28873	28611	41486	38126
Investments	4411	4420	4902	7583	14884
Net Current Assets	14442	16415	18813	17911	14867
Share Capital	765	765	765	765	765
Reserves and Surplus	20854	22563	25012	32763	33892
Borrowings	24067	26381	26549	27321	27838
Earning per Share (Rs.)	26.30	27.63	37.64	33.28	26.00
Net Worth per Share (Rs.)	282.60	304.94	336.89	438.19	442.95
Debt-Equity Ratio	1.11	1.12	1.03	0.81	0.82
Current Ratio	3.37	3.20	3.29	3.17	2.94
Dividend (Rs. Lakhs)	344	344	383	421	344

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2003

The Directors have pleasure in submitting their Annual Report and Audited Statements of Account of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

	This Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Gross Profit	4655	5559
Less: Depreciation	2100	2023
Profit before tax	2555	3536
Less: Provision for tax	550	675
Provision for deferred tax	16	315
Profit after tax	1989	2546
Add: Surplus brought forward/Excess		
Provision written back	941	5935
Profit available for appropriation	2930	8481
APPROPRIATIONS:		
General Reserve	500	500
Reserve for Bad and Doubtful Debts	—	5
Debenture Redemption Reserve	96	808
Proposed Dividend	344	421
Divided Distribution tax thereon	44	—
Provision for deferred Tax of earlier years	—	5816
Balance carried forward	1946*	931
	2930	8481

* Excludes Rs. 6169 Lakhs directly transferred from other Reserves to the Surplus account.

DIVIDEND

- Keeping in view lower profits, Your Directors take pleasure in recommending payment of dividend of Rs. 4.50 per share of Rs. 10/- each as against Rs. 5.50 per share for the previous year.

CEMENT DIVISION

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

	2002-03	2001-02	2000-01
	(Figures in '000 MT)		
Clinker Production	1025	817	858
Cement Production	1225	1045	1018
Cement Sales	1222	1042	1019

- During the financial year ended March 2003 while the All India cement consumption has grown at 8.7%, consumption in Tamil Nadu/ Kerala, the main marketing areas of your Company has grown at 12.4%. But this was on a low base figure, as during last 2 years the cement consumption in Tamil Nadu/Kerala stagnated at about 13 million tonnes.
- Expansion of 2 Lakh MT completed in January 2002, was stabilised very quickly, by March 2002 and all

the benefites envisaged from the project were achieved during the current year. Sales volume increased by over 17%. However supply overhang, as a result of new capacity additions in the last few years, continued to put pressure on prices. Consequently the ex-factory realisations per MT fell by about 18%. This has adversely affected the profitability of the unit.

- 3.4 Steep increase in oil prices, contributed to 18% increase in cost of self generated power and also in transport costs. Your Company continued to focus on cost reduction measures. Power consumption was brought down by about 11% and 88 persons retired under the second Voluntary Retirement Scheme.

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>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
	(Figures in '000 MT)		
<u>DBM</u>			
Production	9	11	3
Sales	9	11	13
	(Figures in MT)		
<u>MgO-C/HTSR Bricks</u>			
Production	1703	1521	2041
Sales	1660	1641	2201

- 4.2 During the year 84 workers availed Voluntary Retirement and the unit spent about Rs. 121 lakhs. So far, 1180 workers have availed benefit under the scheme and the total expenditure on this account since 1993 has been Rs. 1104 lakhs.
- 4.3 New markets were developed in the Middle East and South East Asia. Exports including indirect exports were US \$ 1,09,672. These are expected to improve in the coming years. Free trials were completed at the Vizag Steel Plant and orders for paid trial are expected in the coming year. Trial orders were also received from the Alloy 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>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
	(Figures in 000' MT)		
Cane crushed	706	722	791
Sugar production	71	70	77
Sugar sales	97	67	56
Molasses production	36	37	41

Due to uncertainty over the cane price payment, there was a delay in start of the current crushing season and, accordingly, lower crushing during the year 2002-03 is on account of lesser number of operating days.

- 5.2 The total Cane crushing during the Sugar season 2002-03 is expected to be about 7.80 lakh MT with a recovery of 10% as against 8.23 lakh MT with a recovery of 9.73% during the previous season. Steps have been taken to weed out rejected varieties and improve sugarcane varietal composition to improve the sugar recovery further. Due to continuous fall in the Sugar prices, the industry had no option, but to pay only the Statutory price fixed for cane by the Central Government, rather than the significantly higher price notified by the State Government, which has no legal validity. Consequently during the current season, the cane cost has been Rs. 841 per MT as against Rs. 915 per MT last year.

- 5.3 The Sugar sales this year have been about 45% higher than last year as a result of sales from huge inventory that the Company has been carrying. This had to be done, to enable making payment to sugarcane farmers. Similar steps by other units, resulted in steep fall in sugar prices. This has adversely affected the profitability.

GOVAN TRAVELS

6. The net business done by this unit during the current year is Rs. 2082 lakhs as against Rs. 1983 Lakhs in the last financial year. The performance of the Govan Travels units is being improved by diversifying into the travel related business.

DALMIA ELECTRONICS CORPORATION

7. Contract assembly job continued to be undertaken in this unit. Due to uneconomical working, Board is considering closure of the unit. The Salem and New Delhi Branches were closed in March 2003.

ELECTRONICS DIVISION

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

	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
	(Nos. in Million)		
Production	12.75 (12.38)	13.21 (12.91)	49.50 (42.36)
Sales	12.91 (12.62)	16.06 (14.84)	48.19 (41.13)

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

- 8.2 As already reported, the sales continued to be affected due to competition from the international manufacturers and no orders were received from manufacturers of C-DOT exchanges.

WIND ENERGY FARM

9. Plant load factor has been about 25% during the year, as compared to 27% in the previous year. This can be considered as satisfactory.

DALMIA REFRACTORIES

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

	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
	(Figures in '000 MT)		
Production	20	25	23
Sales	21	21	23

- 10.2 The demand for the product remained sluggish during the year under review. Efforts made to reduce costs further have met with success. With selective marketing and better realisations, the unit's performance has shown considerable improvement.

INDUSTRIAL RELATIONS

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

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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

12. 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

13. 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

14. 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, Hemshila Finance Limited and Himshikhar Investment Limited, subsidiaries of your Company, for the year ended 31st March, 2003 are annexed.

FIXED DEPOSITS

15. The total amount of deposits remaining due for payment and not claimed by the depositors as on 31st March, 2003 was Rs. 19.24 Lakhs in respect of 44 depositors, out of which deposits amounting to Rs. 1.81 Lakhs in respect of 8 depositors have since been paid/renewed.

DIRECTORS

- 16.1 Shri M. Sankaranarayanan, was nominated as a Director on the Board of Directors of the Company effective 5.12.2002, by Unit Trust of India.
- 16.2 Shri S.K. Mukhopadhyay, a nominee of Unit Trust of India ceased to hold office on the withdrawal of his nomination effective 6.12.2002. The Board places on record its appreciation for the valuable services rendered by Shri S.K. Mukhopadhyay, during his tenure on the Board.
- 16.3 Shri P.K. Khaitan and Shri M. Raghupathy, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

PARTICULARS REQUIRED AS PER LISTING REQUIREMENTS

17. 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

18. 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

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.

NEW DELHI

Dated: 22nd May, 2003

For and on behalf of the Board

P.K. Khaitan

CHAIRMAN**STATEMENT OF EMPLOYEES FORMING PART OF DIRECTORS' REPORT FOR 2002-03**

Sl No.	Name	Age	Qualifications	Experience (years)	Designation/Nature of duties	Date of Commencement of Employment	Remuneration received Rs.	Last Employment held	
								Name of Company/ Organisation	Designation
A. Employed for part of the financial year :									
01.	Prabhu L.	61	B.Sc. Tech. DBM	42	General Manager	01.05.82	2,66,921	Kothari (Madras) Ltd.	Executive

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

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 Pozzolona 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: the Company has exported 4,905 MT's Portland Cement during the year.
 - (ii) 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	2274.83
(ii) Earned	262.59