



Report  JUNCTION

ANNUAL REPORT 1999-2000



**DECCAN
CEMENTS
LIMITED**

Board of Directors

Directors

M B Raju
A.C. Motwani
Umesh Shrivastava
Rear Admiral Krishan Dev
K Gangi Reddy
D R K Rao
P Venugopal Raju
P Parvathi

*Chairman
(IDBI Nominee)*

Managing Director

Senior Executives

G R Ram
K Mohan Rao
P J Reddy
K P Rao
R Gopalakrishnan

*Sr. Vice President (C)
Vice President (M)
Vice President (W)
General Manager (A & M)
General Manager (Legal) &
Company Secretary*

Auditors

M Bhaskara Rao & Co.
Chartered Accountants
5-D, Fifth Floor, 'KAUTILYA',
6-3-652, Somajiguda,
Hyderabad - 500 082.

Bankers

State Bank of India
Andhra Bank
State Bank of Travancore

Registered Office

'DECCAN CHAMBERS'
6-3-666/B, Somajiguda,
Hyderabad 500 082.
Tel: 3310561, 3310168. Fax: 3318366, 3311612

Cement Factory

Bhavanipuram
Mahankaligudem 508 218
Nalgonda District, Andhra Pradesh

Hydel Power Project

GBC - I, Head Regulator
Nekarikallu Adda Road,
Narasaraopet 522 601
Guntur District, Andhra Pradesh

Wind Power Division

Polepalli Village, Ramagiri Mandal
Ananthpur District, Andhra Pradesh



DECCAN CEMENTS LIMITED

NOTICE

Notice is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the Members of DECCAN CEMENTS LIMITED will be held on Tuesday, the 19th day of September, 2000 at 10.00 AM at Harihara Kalabhavan, M C H Complex, Sardar Patel Road, Secunderabad-500 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2000, the Audited Balance Sheet and the cash flow as at that date and the Directors' and the Auditors' Report thereon.
2. To declare and confirm the Interim Dividend already paid as dividend for the year.
3. To appoint a Director in place of Rear Admiral Krishan Dev, Director who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri M B Raju, Director, who who retires by rotation and is eligible for re-appointment.
5. To appoint M/s.M Bhaskara Rao & Co., Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting of the Company and to 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 subject to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one per cent per annum of the net profits of the Company, calculated in accordance with the provisions of Section

198, 349 and 350 of the Companies Act, 1956, subject to a ceiling of Rs.2,00,000/- per annum be paid to and distributed amongst the Non-Wholtime Directors of the Company in such proportion and in such manner and in all respects as may be agreed amongst the Directors and such payments shall be made in respect of the profits of the Company for each year for a period of five years commencing from 1st April, 2000".

By Order of the Board
for **DECCAN CEMENTS LIMITED**

R Gopalakrishnan
General Manager (Legal) &
Company Secretary

Registered Office:

6-3-666/B,
'Deccan Chambers',
Somajiguda,
HYDERABAD : 500 082

Dated : 23.06.2000.

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend instead of himself/herself and such Proxy need not be a member of the Company. Proxies in order to be effective should be received by the Company at its Registered Office not less than 48 hours before commencement of the meeting.
2. Members are requested to notify immediately any change in their address to the Company's Registered Office with their Folio Number(s).
3. The Board of Directors have recommended and the Company has paid an Interim Dividend @ Rs.2/- per Equity share for 1999-2000 to Shareholders whose names appeared in Register of Members as on 29th May, 2000 (Book Closure Date) which is confirmed as dividend for the year. The Company has fixed Tuesday the 15th September, 2000 as Record Date for the purpose of 20th Annual General Meeting.



4. Shareholders holding Shares in identical order of names in more than one folio, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
5. a) Under the provisions of Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividends upto and including the Financial Year ended 31st March, 1995. Hence, the members are advised to approach the Registrar of Companies, Andhra Pradesh, Kendriyasadan, Koti, Hyderabad-500 001 to claim the dividend up to the said period.
b) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1996 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" of the Central Government. Members are advised to write to the Company at the Regd. Office to claim the dividend.
6. **Stock Exchanges:**
a) The Company's shares/debentures are listed with Hyderabad (Regional) 3-6-275, Himayat Nagar, HYDERABAD - 500 029 and Mumbai Stock Exchange Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 023.
b) The Annual Listing Fee for the year 2000-2001 has been paid in time as per Clause 38 of the Listing Agreement to Stock Exchanges at Hyderabad and Mumbai.
7. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

Annexure to the Notice:

Explanatory Statement under Section 173(2) of Companies Act, 1956:

Item No.5

By a special resolution passed at the 15th Annual General Meeting of the Company held on 8th August, 1995, approval of the members was accorded for payment of commission to the Directors of the Company at the rate of 1% (one percent) of the net profits of the Company subject to a limit of Rs. 2,00,000/- for five years with effect from 1st April, 1995 and requires renewal.

It is proposed to renew payment of commission to the non-Wholetime Directors, in terms of Section 309(4) of the Companies Act, 1956 (other than Managing Director) for each of the five financial years of the Company commencing from 1st April, 2000 not exceeding 1% of the net profits of the Company computed in accordance with the

provisions of Sections 198, 349 & 350 of the Act or Rs. 2,00,000/- whichever is less, taking into account the active participation, time spent on the business of the Company and the involvement of the Directors.

All the Directors of the Company, except Ms. P Parvathi, Managing Director is interested in the resolution to the extent of the commission payable to them in accordance with the proposed resolution.

By Order of the Board
for **DECCAN CEMENTS LIMITED**

R Gopalakrishnan
General Manager (Legal) &
Company Secretary

Registered Office:

6-3-666/B,
'Deccan Chambers',
Somajiguda,
HYDERABAD : 500 082

Dated : 23.06.2000.



**DECCAN
CEMENTS
LIMITED**

DIRECTORS' REPORT

**To
The Members,**

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Accounts and Cash Flow Statement for the year ended 31st March, 2000.

Financial Results

The Financial results for the year ended 31st March, 2000 are summarized below :

	April, '99 March, '2000	April, '98 March, '99
	Rs.in Lakhs	Rs.in Lakhs
Sale Income	5419.58	5987.62
Other Income	86.64	151.54
Total	5506.22	6139.16
Profit before Depreciation, Diminution in value of investments and interest	1148.21	1309.88
Less: Depreciation	254.61	251.05
Diminution in value of investments	513.20	—
Interest	281.95	333.20
Profit for the year	98.45	725.63
Provision for Taxation	0.59	83.07
Profit after Taxation	97.86	642.56
Prior Year adjustments	(2.22)	1.00
Profit brought forward from previous year	320.45	369.49
Profit available for appropriation	416.09	1013.05
Appropriations		
Proposed Dividend	—	175.09
Interim Dividend	140.07	—
Dividend Tax	14.01	17.51
General Reserve	25.00	500.00
Balance retained	235.61	320.45

Review of Operations and outlook

During the year the Cement Division of the Company suffered due to over capacity in the industry. The anticipated huge demand from the Central Government Schemes and major infrastructure Projects did not materialise. The increase in cost of major inputs and steep fall in the sales realisation have resulted in lacklustre performance of the Cement Industry as a whole and your Company was no exception. The vigorous efforts made by International Cement Companies to get a market share in the Indian Cement Market and consolidations taking place in domestic Cement Industry has put pressure on smaller cement players. However the timely steps taken by the Company to control costs and for improving productivity, had stood in good stead to withstand the market pressures and acute competition.

During the year your Company executed the scheme of expansion of the capacity of the Cement Unit from the existing 1,98,000 Tonnes per annum to 2,97,000 Tonnes per annum. The Commercial operations commenced on 23rd March, 2000. This expansion would help the Company to formulate focussed strategy on marketing and help further in controlling the costs by way of economies in scale of operations.

The out look for the Cement Industry appears good in view of the timely monsoon, various infrastructure projects taking a shape and a sharp rise in applications for housing loans.

The Power Divisions of your Company viz., Hydel Power at GBC Narasaraopet and Wind Power at Ramgiri, Ananthapur have positively contributed to the performance of the Company and the outlook for the future appears good.



DECCAN CEMENTS LIMITED

Dividend

Your Directors have already recommended an Interim Dividend of Rs.2/- per Equity share for the year 1999-2000 entailing a Cash outflow of Rs. 140.07 lakhs as Dividend and Rs. 14.01 lakhs as Dividend Tax aggregating Rs. 154.08 lakhs. Considering the overall cement industry scenario and financial performance, no further dividend has been recommended and the interim dividend shall be confirmed as Dividend for the year.

Y2K Compliance:

The Company's equipment, Data Processing Systems and Applications have had a smooth roll over and have become Y2K compliant.

Fixed Deposits

The aggregate amount of deposits accepted by the Company stood at Rs.91.87 Lacs and matured and unclaimed deposits as on 31st March, 2000 were Rs. 1.58 Lacs.

Industrial Relations:

During the period, industrial relations continued to be cordial. Your Directors wish to place on record their appreciation for the dedicated services of its employees for its success.

Insurance:

The properties of the Company including its buildings, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

Directors:

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956, Rear Admiral Krishan Dev and Shri M B Raju, Directors retire by rotation and are eligible for reappointment.

Auditors

M/s M Bhaskara Rao & Company, Chartered Accountants, the Statutory Auditors of the

Company retire at the conclusion of the Annual General Meeting and are eligible for reappointment.

Regarding Auditors' Remarks, Note No.8 to the Notes on Accounts is self explanatory.

Energy, Technology and Foreign Exchange:

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto (Annexure I) and forms part of this report.

Particulars of Employees:

The particulars required pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended are given in the statement annexed hereto (Annexure II) and forms part of this report.

Acknowledgement:

The Board expresses its grateful thanks to the Industrial Development Bank of India, The State Bank of India, The Andhra Bank, The State Bank of Travancore, the Debenture Trustees (The Industrial Finance Corporation of India Ltd and The Centbank Financial & Custodial Services Ltd), Transmission Corporation of A.P.Ltd., NEDCAP and various other Departments of the State and Central Governments for their valuable guidance and assistance to the Company.

For and on behalf of the Board

Place : Hyderabad
Date : 23rd June, 2000

M B Raju
Chairman



ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

Disclosure of particulars with respect to conservation of energy, Technology absorption and foreign exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988.

A. Conservation of Energy

- a) Energy Conservation measures taken: Conservation of energy continues to be accorded high priority.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. The Company has during the course of expansion have taken appropriate measures for reduction of consumption of energy.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: The power consumption per tonne of

cement produced has come down this year by 2 units.

- d) The total energy consumption and energy consumption per unit of production.

The above information is given in the prescribed form A annexed.

B. Technology Absorption

Efforts made towards absorption of technology are given in the prescribed Form B annexed.

C. Foreign Exchange savings and outgo

- a) Activities relating to exports, initiatives taken to increase export, development of new export market for production & services and export plans. The Company presently has no plans for exports of its product.
- b) Total foreign exchange used and earned.

	Rupees in Lacs	
	Current Year	Previous Year
Used	25.14	0.09
Earned	—	—

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy.

A) POWER AND FUEL CONSUMPTION

1) ELECTRICITY :

	Current Year	Previous Year
a) Purchased Units (KWH -Lakhs)	241.11	229.75
Total Amount (Rs.in lakhs)	975.50	884.39
Rate per unit (Rs.)	4.05	3.85
b) Own Generation :		
Through Diesel Generator		
Units (KWH Lakhs)	7.28	43.21
Total Amount (Rs.in lakhs)	31.10	134.40
Rate per unit (Rs.)	4.27	3.11



	Current Year	Previous Year
2) Coal (C&D Grade) Lignite and Husk used as a Fuel in Kiln:		
Quantity (Million K Cal)	192115	216942
Total Cost (Rs.in lakhs)	671.94	812.64
Average Rate (Rs./million K Cal)	349.86	374.59
3) Light diesel oil		
Quantity (K Ltrs)] NOT APPLICABLE	
Total Cost (Rs.in lakhs)		
Average Cost (Rs. / K Ltrs)		

B) CONSUMPTION PER UNIT OF PRODUCTION

Electricity (KWH/T of cement)	105	107
Coal (%)	20.00	21.46

Power Consumption has been reduced by 2 Units per tonne of Cement Production during the year resulting in a saving of Rs. 17.78 lakhs.

FORM B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption.

A. RESEARCH AND DEVELOPMENT (R&D) &**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

— Not Applicable —

ANNEXURE - II

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

Name	Age	Qualifications	Date of employment	Designation	Remuneration (Rs.Lakhs)	Experience (years)	Last employment held
Employed throughout the year:							
Ms. P Parvathi	34	M.Com	01.07.1998	Managing Director	9.58	11	Dy.Manager, Secretarial Dept., DCL Polyesters Ltd., Hyderabad.

Notes: 1. Remuneration shown above includes Salary, Commission, Company's Contribution to Provident & Superannuation Funds, Medical Reimbursements, Leave Travel Assistance and other perquisites.

2. Ms P Parvathi is a relative of Shri M B Raju, Chairman and P Venugopal Raju, Director.

3. The conditions of employment of Ms P Parvathi are contractual.



AUDITORS' REPORT

To

The Members of
DECCAN CEMENTS LIMITED

We have audited the attached Balance Sheet of DECCAN CEMENTS LIMITED, as at 31st March, 2000 and the Profit and Loss Account for the year ended 31st March, 2000 annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books.
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.
 - e. Reference is invited to Note No.8 of Schedule XV in respect of banked energy and its valuation. We are unable to express an opinion regarding the valuation.
 - f. Subject to Para (e) above, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read with notes thereon, and 'Significant Accounting Policies', give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

- i. insofar as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000; and
- ii. insofar as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **M. BHASKARA RAO & CO.,**
Chartered Accountants

Place : Hyderabad

V Raghunandan

Date : 23rd June, 2000

Partner

STATEMENT REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1. The Company has maintained adequate records to show quantitative details and situation of Fixed Assets. According to the information and explanations given to us, the Management has physically verified its major fixed assets and no material discrepancies were noticed on such verification.
2. The fixed assets of the Company have not been revalued during the year.
3. Physical verification of Raw Materials, Finished goods and major items of stores and spares was carried out by the Management during the year. In our opinion the frequency of verification is reasonable.
4. The procedures for physical verification of stocks are adequate and reasonable having regard to the size of the Company and nature of its business.
5. The discrepancies noticed on verification between physical stock and book balances as explained to us during the course of our audit, were not significant and the same have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loan, secured or unsecured from companies, firms



**DECCAN
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- or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As section 370 of the Companies Act Re: Loans, etc., to companies under same management has been made inoperative, on and after 31st October 1998 by the Companies (Amendment) Act, 1999, no comments are called for.
8. The Company has not given any loan to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As section 370 of the Companies Act Re: Loans, etc., to companies under same management has been made inoperative, on and after 31st October, 1998 by the Companies (Amendment) Act, 1999, no comments are called for.
 9. In respect of loans and advances in the nature of loans, given by the Company, to employees and others the parties are repaying the principal and interest, where applicable, as stipulated, except a few parties as stated in Note No.7 of Schedule XV to the Balance Sheet.
 10. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores including components plant and machinery, equipment and other assets.
 11. In our opinion and according to the information and explanations given to us, there are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements falling under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party.
 12. As per the explanations given to us there is a procedure for determination of unserviceable or damaged stores, raw materials and finished goods. However, as informed to us no such stores, raw materials and finished goods were determined during the year.
 13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 with regard to deposits accepted from the public.
 14. The manufacturing process of the Company does not generate by-products. The Company is maintaining reasonable records for the sale and disposal of realisable scrap.
 15. The Internal Audit of the Company has been conducted by a Chartered Accountant, and the scope and coverage of Internal Audit is commensurate with the size of the Company and nature of its business.
 16. In our opinion and as per the information and explanations given to us, the Company is maintaining Cost Records as specified by the Central Government under Section 209(1)(d) of the Companies Act, 1956. The contents of these accounts and records have been examined by us.
 17. The Provident Fund and Employees' State Insurance dues have generally been regularly deposited with appropriate authorities.
 18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as on 31st March, 2000 for a period of more than six months from the date they became payable.
 19. During the course of our examination of books of account carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses other than the expenses under contractual obligations and/or generally accepted business practices, which have been charged to revenue.
 20. The Company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **M. BHASKARA RAO & CO.,**
Chartered Accountants

Place : Hyderabad
Date : 23rd June, 2000

V Raghunandan
Partner