



24<sup>TH</sup>  
ANNUAL  
REPORT  
2003-2004



**DECCAN CEMENTS LIMITED**



**DECCAN  
CEMENTS  
LIMITED**

## ***Board of Directors***

### ***Directors***

*M B Raju  
J Narayana Murthy  
Umesh Shrivastava  
K Gangi Reddy  
D R K Rao  
P Venugopal Raju  
P Parvathi*

*Executive Chairman  
(IDBI Nominee)*

*Managing Director*

### ***Senior Executives***

*G R Ram  
K Mohan Rao  
P J Reddy  
R Gopalakrishnan  
K Srihari  
B K Bardia*

*Sr. Vice President  
Vice President (Marketing)  
Vice President (Works)  
General Manager (Legal) &  
Company Secretary  
General Manager (Works)  
General Manager (Finance)*

### ***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*

### ***Registered Office***

*'DECCAN CHAMBERS'  
6-3-666/B, Somajiguda,  
Hyderabad 500 082.  
Tel: 23310561, 23310168*





**DECCAN  
CEMENTS  
LIMITED**

## NOTICE

Notice is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Members of **DECCAN CEMENTS LIMITED** will be held on Friday, the 3rd day of September, 2004 at 10.00 A.M. at "Bhaskara Auditorium", Birla Museum, Adarsh Nagar, Hyderabad - 500 063 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2004, the Balance Sheet as at that date and the Directors' and the Auditors' Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Umesh Shrivastava, Director who retires by rotation and is eligible for re-appointment.
4. 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.

By Order of the Board

**R GOPALAKRISHNAN**  
General Manager (Legal) &  
Company Secretary

Registered Office:

6-3-666/B, Deccan Chambers

Somajiguda,

Hyderabad - 500 082

Dated : 25th June, 2004.

### 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 Register of Members and Share Transfer Books of the Company will be closed from 25th August, 2004 to 3rd September, 2004 (both days inclusive).
4. Payment of dividend on shares, if declared at the meeting, will be made to those members whose names appear on the Company's Register of Members on 3rd September, 2004 and as per list of beneficial ownership furnished by depositories for this purpose for shares held in Electronic Form.
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, 1996.  
b) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1997 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 to claim the dividend.
6. Stock Exchanges:
  - a) The Company's Shares are listed with Hyderabad (Regional) 6-3-654, Somajiguda, Hyderabad - 500 082 and Mumbai Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
  - b) The Annual Listing Fee for the year 2004-2005 has been paid in time as per Clause 38 of the Listing Agreement to Stock Exchanges at Hyderabad and Mumbai.

### INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under Clause 49 of the Listing Agreement the particulars of Director who is proposed to be appointed / reappointed at this Annual General Meeting is given below:

Mr. Umesh Shrivastava, B.E, aged about 70 years is Chairman and Managing Director of Holtec Consulting Limited and Director in Necem Cements Ltd, Bihar Hotels Limited, Technology Applications Consultants Pvt Ltd. He is also Chairman of Remuneration Committee and Shareholder Grievance Committee of the Company.



## DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Accounts and Cash Flow Statement for the year ended 31st March, 2004.

### Financial Results

The Financial results for the year ended 31st March, 2004 are summarized below :

	<b>April, 2003</b>	<b>April, 2002</b>
	<b>March, 2004</b>	<b>March, 2003</b>
	<b>Rs.in Lacs</b>	<b>Rs.in Lacs</b>
Sale Income	<b>14858.84</b>	11295.01
Other Income	<b>93.71</b>	98.36
Total	<b>14952.55</b>	11393.37
Profit before		
Depreciation, and interest	<b>1674.65</b>	1198.43
Less: Depreciation	<b>515.26</b>	485.45
Interest	<b>406.98</b>	448.53
Profit for the year	<b>752.41</b>	264.45
Less : Provision for		
Taxation	<b>85.00</b>	17.00
Provision for Deferred		
Taxation	<b>134.00</b>	115.15
Add : IT Refund	<b>59.26</b>	—
Profit after Taxation	<b>592.67</b>	132.30
Prior Year adjustments	<b>2.53</b>	3.42
Profit for the year	<b>595.20</b>	135.72
Profit brought forward		
from previous year	<b>839.88</b>	946.38
Profit available for		
appropriation	<b>1435.08</b>	1082.10
<b>Appropriations</b>		
Proposed Dividend	<b>140.07</b>	126.07
Dividend Tax	<b>17.95</b>	16.15
General Reserve	<b>100.00</b>	100.00
Balance retained	<b>1177.06</b>	839.88

### Review of Operations :

During the year under review Cement Division was under pressure due to market conditions. Mini Hydel operations were affected due to poor monsoon and generation of power from Wind Mill at Ramgiri was more as compared to last year. A detailed Management Discussion and Analysis Report is given separately.

### Dividend

Considering the Company's track record of dividend payment and the current year's profitability, your Directors are pleased to recommend for your consideration a dividend of Rs.2/- per equity share for the year ended 31st March, 2004 which would entail a cash outflow of Rs.140.07 Lacs plus applicable taxes.

### Fixed Deposits

The aggregate amount of deposits accepted by the Company stood at Rs.185.00 Lacs and there were no matured and unclaimed deposits as on 31st March, 2004.

### 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.

### 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.

### Corporate Governance:

A detailed report on Corporate Governance is enclosed.





### **Directors Responsibility Statement:**

Pursuant to provisions of Section 217 (2AA) of the Companies (Amendment) Act 2000, it is confirmed:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) that 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 or loss of the Company for that period.
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the directors had prepared the annual accounts on a going concern basis.

### **Directors:**

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956, Mr. Umesh Shrivastava, Director retires by rotation and is eligible for reappointment.

### **Statutory 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.

### **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:**

There were no employee in the organisation covering 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.

### **Acknowledgement:**

The Board expresses its grateful thanks to the Industrial Development Bank of India, The State Bank of India, The Andhra Bank, Transmission Corporation of A.P.Ltd., Power Distribution Companies, various Department of the State and Central Government for their valuable guidance and assistance to the Company. The Board expresses its appreciation for the valuable work done by employees at all levels.

For and on behalf of the Board

Hyderabad  
Date : 25th June, 2004

**M B Raju**  
Executive 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**

##### **Cement Division**

- 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.
  - i) The Company has already taken measures to reduce the thermal and electrical energy consumption on continuous basis.
  - ii) (a) The modified pyro-process system stabilised and operated at its full rated capacity.
  - (b) Modification made in the recouped air duct to increase the gas volume required for additional coal to be fired in precalcinator and to reduce the clinker dust carried away to precalcinator.
  - (c) Utilisation of cooler waste gases for drying the coal moisture by providing a booster fan.

- 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:

With the measures taken up under b(i) and b(ii) the average power consumption per ton of cement has been reduced by 9 units (from 100 units to 91 units). The consumption of coal per tonne of clinker has been reduced by 0.31% (from 19.71% to 19.40%).

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

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

##### **Slag Cement Division**

The average power consumption per ton of Cement for the year is 34 units which results in a saving of 7 units per ton of cement when compared with previous year.

#### **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.  
NIL



**DECCAN  
CEMENTS  
LIMITED**

### **FORM A**

(See Rule 2)

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

<b>A) POWER AND FUEL CONSUMPTION:</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>1) ELECTRICITY :</b>		
a) Purchased Units (KWH -Lacs)	<b>471.23</b>	410.97
Total Amount (Rs.in lacs)	<b>1742.54</b>	1610.24
Rate per unit (Rs.)	<b>3.70</b>	3.92
b) Own Generation :		
Through Diesel Generator		
Units (KWH Lacs)	<b>1.00</b>	9.36
Total Amount (Rs.in lacs)	<b>9.66</b>	52.41
Rate per unit (Rs.)	<b>9.69</b>	5.60
<b>2) Coal (C&amp;D Grade) used as a Fuel in Kiln:</b>		
Quantity (Million K Cal)	<b>345955</b>	271416
Total Cost (Rs.in lacs)	<b>1481.25</b>	1091.10
Average Rate (Rs./million K Cal)	<b>428</b>	402

#### **B) CONSUMPTION PER UNIT OF PRODUCTION**

##### **Cement Division**

Electricity (KWH/T of cement)	<b>91</b>	100
Coal %	<b>19.40</b>	19.71

##### **Slag Cement Division**

Electricity (KWH/T of cement)	<b>34</b>	41
-------------------------------	-----------	----

### **FORM B**

(See Rule 2)

#### **Form for disclosure of particulars with respect to Technology Absorption.**

<b>A. RESEARCH AND DEVELOPMENT (R&amp;D)</b>	<b>-- NOT APPLICABLE --</b>
<b>B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION</b>	<b>-- NOT APPLICABLE --</b>





## CORPORATE GOVERNANCE REPORT

### I The Corporate Governance Code:

The Company believes that the Corporate Governance provides a structure through which the objectives of the Company are set, means for achieving and monitoring performance are determined

- long term value of the enterprise in maximised.
- the business complies with legal and regulatory frameworks.
- fosters better value to shareholders / stakeholders and the society at large.

The Company has consistently practiced good corporate governance. The Company creates an environment for the efficient conduct of the business and to enable management to meet its obligations to all its stockholders, including amongst others, Shareholders, customers, employees and the community in which the Company operates.

### II Board of Director ("Board")

The Board comprise of seven Directors of whom two are executive, and five are non-executive Directors.

#### a) Composition of the Board:

Name of the Director	Status
Mr. M B Raju	Executive Chairman
Ms P Parvathi	Managing Director
Mr. Umesh Shrivastava	Independent & Non Executive

Name of the Director	Status
Mr. K Gangi Reddy	Independent & Non Executive
Mr./ Narayana Murthy	Independent & Nominee of IDBI
Mr. P Venugopal Raju	Non Executive
Mr. D R K Rao	Independent & Non Executive

#### b) Board Meetings:

The meetings of the Board of Directors are scheduled well in advance and generally held at the Registered office of the Company at Hyderabad. The notice confirming the meeting and the detailed agenda is sent at least seven days in advance to all the Directors. Senior Management of the Company is invited to attend the Board Meetings, to make presentations and provide clarifications as and when required. The Board meets at least once a quarter to review the quarterly performance and financial results.

#### i) Number of Board Meetings:

During the year from 1st April, 2003 to 31st March, 2004 the Board met six times on the following dates.

27th June, 2003  
 29th July, 2003  
 8th August, 2003  
 5th September, 2003  
 29th October, 2003  
 31st January 2004.



## ii) Attendance of Directors:

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last Annual General Meeting	No. of Directorships in other Board as on 31.03.2004	No. of Memberships in other Board Committees as on 31st March, 2004
Mr. M B Raju	6	6	YES	2	-
Ms P Parvathi	6	6	YES	-	-
Mr. Umesh Shrivastava	6	5	YES	5	-
Mr. K Gangi Reddy	6	5	YES	1	-
Mr. P Venugopal Raju	6	6	YES	5	-
Mr. D R K Rao	6	6	YES	-	-
Mr. J Narayana Murthy (IDBI Nominee)	6	6	YES	2	-

## III Committees of Directors:

Non- executive Directors, provide guidance to operating management on policy matters as well as in the monitoring actions of operating management. The involvement is formalized through constitution of designed committees of the Board. The Committees are intended to provide regular exchange of information and ideas between the non-executive Directors and the operating management.

The Board has accordingly constituted Committees which comply with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and the applicable provisions of the Companies (Amendment) Act, 2000.

### A) Audit Committee:

i) **The Audit Committee comprises of the following non-executive independent members of the Board.**

1. Mr. D R K Rao Chairman
2. Mr. J Narayana Murthy Member
3. Mr. P Venugopal Raju Member

ii) **During the year from 1st April, 2003 to 31st March, 2004 the Audit Committee met four times on the following dates:**

27th June, 2003  
05th September, 2003  
29th October, 2003  
31st January, 2004

iii) **Attendance of the Directors in the Audit Committee Meeting:**

Name of the Director	No. of meetings held	No. of meetings attended
Mr. D R K Rao	4	4
Mr. P Venugopal Raju	4	4
Mr. J Narayana Murthy	4	4

### iv) Terms of reference:

The Audit Committee has powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. The terms of reference of the Audit Committee also includes the following: