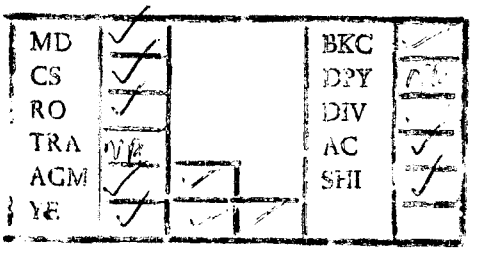
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17th ANNUAL REPORT 1996-97



DECCAN CEMENTS LIMITED

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ALL INDIA ORGANISATION OF EMPLOYERS
NEW DELHI

AWARD 1995-96

Deccan Cements Ltd., Hyderabad

In recognition of Corporate Initiative in the field of
Industrial Relations

M/s. Deccan Cements Ltd, a mini cement plant commenced production in 1983 and achieved 124.5% of capacity utilisation in the nine months of trial production, maintaining a satisfactory level of capacity utilisation thereafter. The company has taken care of the communities interest and the neighbouring villages by installing the dust pollution control requirement. Company provides welfare facilities like dispensary for medical care not only for employees but also for the villages surrounding the complex in emergent cases, a school for education of children, co-operative consumer store supplying items on credit, housing, electricity and water supply, besides employees' participation in equity. Majority workers union is provided recognition by the management and also provide facility of " Check off " to collect membership subscription. It has well established grievance settlement machinery which has generated a sense of trust among the partners. There has not been a single manday loss due to stoppage of work in the last fifteen years. The achievement of the company is worth emulation.

Amit Mitra
(Amit Mitra)
Secretary-General

Prabir
(Prabir Chakravarti)
President

New Delhi, December 9, 1996

Our Commitment towards Welfare of Employees and Society

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DECCAN CEMENTS LIMITED

Board of Directors

M B Raju	Chairman
M Chittaranjan Kumar	(IDBI Nominee)
R K Goel	(IFCI Nominee)
T Subba Rao	
Umesh Shrivastava	
Rear Admiral Krishan Dev	
K Gangi Reddy	
D R K Rao	
P Parvathi	Executive Director
A M Marathe	Managing Director

Senior Executives

G R Ram	Vice President (C)
K Mohan Rao	Vice President (M)
P J Reddy	Vice President (W)
V S N Raju	General Manager (F)
K P Rao	General Manager (A&M)
R Gopalakrishnan	Chief 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

Registered Office

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

Cement Factory

Bhavanipuram
Mahankaligudem - 508 218
Nalgonda District, Andhra Pradesh

Hydel Power Project

GBC - 1, Head Regulator
Nekarikallu Adda Road - 522 615
Narasaraopet Tq.
Guntur District, Andhra Pradesh

Wind Farm Site

Ramagiri
Ananthpur District
Andhra Pradesh

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DECCAN CEMENTS LIMITED

Notice

Notice is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the Members of DECCAN CEMENTS LIMITED will be held on Friday, the 29th day of August, 1997 at 10.00 A.M at 'Hydermahal', Grand Kakatiya Hotel & Towers, Begumpet, Hyderabad : 500 016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 1997, the Balance Sheet and the Cash Flow Statement as at that date and the Report of the Directors and the Auditors.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Rear Admiral Krishan Dev, Director, who retires by rotation and eligible for reappointment.
4. To appoint a Director in place of Shri Umesh Shrivastava, Director, who retires by rotation and eligible for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting 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 pursuant to the Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) the Articles of Association of the Company be and are hereby altered as under :

   A. Following clause be and is hereby added as new clause to the existing Article 5 viz.,

      5 A. Subject to the provisions of the Act, and other applicable provisions of law, the Company shall be at liberty to issue shares, either equity or any other kind with non-voting rights and the resolution authorising such issue shall prescribe the terms and conditions of the issue.

   B. Following clause be and is hereby added as new clause to the existing Article 7 viz.,

      7 A. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, and other applicable provisions of law and subject to such other approvals, permissions and sanctions as may be necessary to purchase any of its own fully paid up shares whether or not they are redeemable, on such terms and conditions and upto such limits as may be prescribed by law from time to time and may make payment out of its capital in respect of such purchases, provided that nothing herein contained shall be deemed to affect the provisions of sections 100 to 104 and section 402 of the Act in so far as they are applicable"

7. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to mortgaging and/or charging by the Board of Directors of the Company of all the immovable properties of the Company wheresoever situated present and future and/or conferring power to enter upon and take possession of the assets of the Company in certain events, to

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DECCAN CEMENTS LIMITED

or in favour of Industrial Development Bank of India (IDBI), to secure Corporate Loan of Rs.500 Lacs lent and advanced/agreed to be lent and advanced by IDBI to the Company directly together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to IDBI under the Loan Agreement entered into/to be entered into by the Company in respect of the said term loan."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution".

By Order of the Board
for DECCAN CEMENTS LIMITED

R GOPALAKRISHNAN
Chief Manager (Legal) &
Company Secretary

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

Dated : 23rd May, 1997.

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 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 20th August, 1997 to 29th August, 1997 (both days inclusive).*
4. *Payment of dividend on shares, if declared at the meeting, will be made within the Statutory Period to those members whose names appear on the Company's Register of Members on 29th August, 1997.*
5. *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.*
6. *As per provisions of Section 205A of the Companies Act, 1956, the Company has already transferred to the General Revenue Account of the Central Government the amount of all unclaimed dividends declared upto and including the period ended 31st March, 1993. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from Registrar of Companies, Andhra Pradesh, Hyderabad. The unclaimed dividend for the period ended 31st March, 1994 will also be transferred to the said Account of the Central Government as per the provisions of the aforesaid Section. Hence, the Members who have not yet claimed their dividend for the year 1993-94, may claim it from the Company immediately.*
7. *The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.*

Members are requested to furnish Bank Account details quoting their Folio Number to enable the Company to incorporate the said details in Dividend Warrants, to avoid fradulent encashment of the same.

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Annexure to the Notice :

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

Item 6:

The Government of India has proposed amendments / changes in the Companies Act inter alia to enable Companies to issue Non-Voting shares and buy-back of its own shares by companies subject to certain terms & conditions and approval of the members by way of Special Resolution.

The resolution No.6 proposes alteration to the Articles of Association of the Company to empower the Board of Directors to issue non-voting shares as also of buy-back of its shares after amendment of the Companies Act. Keeping this in view, it is proposed to add two new clauses viz., 5A and 7A in the Articles of Association.

As per the provisions of Section 31 of the Companies Act, 1956, a Company may by special resolution alter its Articles of Association. Accordingly, the Directors commend the resolution for members approval.

A copy of the Articles of Association of the Company showing the proposed alterations is available for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 10.00 A.M and 12.00 Noon, upto the date of the Annual General Meeting.

None of the Directors are in any way concerned or interested in the resolutons.

Item 7:

The Company has obtained financial assistance in the form of a Corporate Loan to the tune of Rs.500 Lacs from Industrial Development Bank of India (IDBI) to meet normal capital expenditure and margin money for working capital.

The financial assistance from the IDBI has to be secured by way of first charge on all the immovable and movable properties of the Company present and future, by equitable mortgage, ranking pari passu with the existing charges.

Since the mortgaging by the Company of immovable properties as aforesaid in favour of IDBI may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of the said mortgage/charge.

Copy of IDBI's letter No.15032/PFD A-3(1318) dated 21.3.1997 offering financial assistance for the aforesaid purpose and copies of relevant documents and correspondence between IDBI and the Company are open for inspection at the Registered Office of the Company between 11.00 a.m and 1.00 p.m on any working day prior to the date of meeting.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are interested in the resolution except Shri M Chittaranjan Kumar, a Director, nominated by IDBI.

By Order of the Board
for DECCAN CEMENTS LIMITED

R GOPALAKRISHNAN
Chief Manager (Legal) &
Company Secretary

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

Dated : 23rd May, 1997.

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DECCAN CEMENTS LIMITED

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Accounts and Cash Flow Statement for the year ended 31st March, 1997.

Review of Operations and Outlook

Cement Division:

Your Directors are glad to report that the operations of the Cement Division of the Company during the year 1996-97 were satisfactory considering the overall increase in input costs, general increase in capacity and difficult market conditions, particularly in the second half of 1996-97. Your Company however has achieved the production / sales target of cement laid down for the year. The Company commissioned during the year a new ESP connecting the cooler and other dust emanating points which will further help in pollution control, contain emission levels besides energy conservation.

Your Directors are optimistic about the future outlook of the cement industry in view of the continuation of the reform process and the impetus being given to the development of infrastructure industry.

Power Division:

The 3.75 MW Mini Hydel Power Project of the Company at Guntur Branch Canal, Narasaraopet was successfully commissioned on 10th August, 1996. The operations of the power station have been since stabilised and 158.59 lacs units (Net) have been generated till 31.3.97. The performance of the Wind Farm at Ramagiri has also been satisfactory and during the year it generated 27.80 lacs units (Net). The operations of the Power Division have helped in achieving substantial savings in respect of the cost of power for the Company.

The outlook for the Power Division is bright and can be expected to contribute significantly to the overall performance of the Company.

In the adverse conditions prevailing your Company has achieved an aggregate sales turnover of **Rs.56.42 crores** (previous year Rs.51.90 crores) which represents an increase of 8.71% and profit after tax of **Rs.6.85 crores** (previous year Rs.7.75 crores). While the cement sales were almost at the level as the previous year, the increase in the aggregate turnover has been due to Hydel/ Wind Power Division (approx 9.4% of the total turnover). Taking into consideration the above factors, the performance of the Company can be considered as good.

Financial Results:

The Financial results for the year ended 31st March, 1997 are summarised below :

	April, '96 - March, '97	April, '95 - March, '96
	Rs.In Lacs	Rs.in Lacs
Sale Income	5641.99	5189.74
Other Income	189.25	283.93
Total	5831.24	5473.67
Profit before Depreciation and Interest	1362.56	1333.52
Less: Depreciation	222.02	154.95
Interest	345.67	308.60
Profit for the year	794.87	869.97
Provision for Taxation	102.50	88.00
Profit after Taxation	692.37	781.97
Prior Year adjustments	(6.98)	(7.25)
Profit brought forward from previous year	280.55	82.42
Profit available for appropriation	965.94	857.14
Appropriations		
Debenture Redemption Reserve	47.50	51.50
Proposed Dividend	175.09	175.09
Dividend Tax	17.51	—
General Reserve	434.76	350.00
Balance retained	291.08	280.55

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Dividend:

Your Directors are pleased to recommend for your consideration a dividend of Rs.2.50 per Equity Share for the Year ended 31st March,1997, which would entail a Cash outflow of Rs 175.09 lacs as Dividend and Rs 17.51 lacs as dividend tax aggregating Rs 192.60 lacs.

DCL Polyesters Ltd:

The performance of DCL Polyesters Ltd suffered a setback. During the half year ended 30.9.96, its operations resulted in a net loss of Rs.531.64 lacs mainly due to mismatch of demand and supply, build up of additional capacities of PFY, shrinking margins and liberal import norms. The Company is taking steps to further improve productivity.

In view of the availability of raw material at a competitive price presently and likely improvement in the yarn market, the performance of DCL Polyesters Ltd is expected to improve in the near future.

Fixed Deposits:

The aggregate amount of deposits accepted by the Company stood at Rs.55.94 Lacs and matured and unclaimed deposits as on 31st March,1997 are Rs. 0.63 lacs

Industrial Relations:

During the period, Industrial relations continued to be extremely cordial. The Company has been awarded the best Industrial Relations Award by All India Organisation of Employers, New Delhi. The Board of Directors wishes to thank all employees for their devotion to duty and contribution towards the successful working of the Company.

Insurance:

All 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:

With deep regret your Directors report the sad demise of Shri K Appala Raju, Director, who had been associated with the Company from its inception and rendered valuable advice and guidance. The Board wishes to place on record the valuable contribution made by Shri K Appala Raju both as a promoter as well as Director on the Board of the Company.

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956, Directors Rear Admiral Krishan Dev and Shri Umesh Shrivastava retire by rotation and are eligible for re-appointment.

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 by the Companies (Amendment) Act, 1988 are given in the statement annexed hereto (Annexure II) and forms part of this report.

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.

Acknowledgement:

The Board expresses its grateful thanks for the valuable guidance and assistance provided by the Industrial Development Bank of India, The Industrial Finance Corporation of India Ltd., The Industrial Credit and Investment Corporation of India Ltd., The State Bank of India, The Andhra Bank, APSEB, NEDCAP and various other Departments of the State and Central Governments.

For and on behalf of the Board

Place : Hyderabad
Date : 23rd May, 1997

M B Raju
Chairman

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DECCAN CEMENTS LIMITED

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. Based on the recommendations of the National Productivity Council and National Council for Cement and Building the company has installed ESP.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company is identifying further areas based on the recommendations of NCCB and shall make necessary investments.

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:

Power consumption upto clinkerisation will be reduced by 2 units, 3 to 4% increase in clinker output by way of collecting fugitive dust and dust free working environment are associated benefits of ESP installation on cooler exhaust.

The power consumption per tonne of cement produced has come down this year by 3 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 is not envisaging any exports of its product.

b) Total foreign exchange used and earned.

		Rupees In Lacs	
		Current Year	Previous Year
	Used	0.07	0.84
	Earned	—	—

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DECCAN CEMENTS LIMITED

FORM A

(See Rule 2)

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

	Current Year	Previous Year
A) POWER AND FUEL CONSUMPTION:		
1) ELECTRICITY :		
a) Purchased Units (KWH -Lacs)	**194.65**	144.16
Total Amount (Rs.in lacs)	**638.72**	366.33
Rate per unit (Rs.)	**3.28**	2.54
b) Own Generation :		
Through Diesel Generator		
Units (KWH Lacs)	**93.99**	153.95
Total Amount (Rs.in lacs)	**256.78**	336.73
Rate per unit (Rs.)	**2.73**	2.19
2) Coal (C&D Grade) Lignite and Husk used as a Fuel in Kiln:		
Quantity (Million K Cal)	**202975**	205994
Total Cost (Rs.in lacs)	**724.90**	629.84
Average Rate (Rs./million K Cal)	**357.14**	305.76
3) Light diesel oil		
Quantity (K Ltrs)		
Total Cost (Rs.in lacs)	NOT APPLICABLE	
Average Cost (Rs. / K Ltrs)		
B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (KWH/T of cement)	**118**	121
Coal %	**25.29**	26.76

The rate of power consumption has improved by 3 units per tonne of Cement Production during the year, resulting in a saving of Rs.21.57 Lacs.

FORM B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption.

A. RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R & D is carried by the Company.	:	The Company has not carried out any specific R & D activity.
2. Benefits derived as a result of the above R & D.	:	Not Applicable
3. Future plan of action	:	Reduction of thermal energy consumption by the use of mineralisers, subject to economic viability.
4. Expenditure on R & D	:	There has been no expenditure on R & D.

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