



22<sup>nd</sup>  
ANNUAL  
REPORT  
2001-2002



**DECCAN CEMENTS LIMITED**



**DECCAN  
CEMENTS  
LIMITED**

## **Board of Directors**

### **Directors**

*M B Raju*

*A.C. Motwani*

*Umesh Shrivastava*

*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*

*C Natarajan*

*R Gopalakrishnan*

*R Kiran Babu*

*Sr. Vice President*

*Vice President (Marketing)*

*Vice President (Works)*

*General Manager (Slag Works)*

*General Manager (Legal) &  
Company Secretary*

*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*

*State Bank of Travancore*

### **Registered Office**

*'DECCAN CHAMBERS'*

*6-3-666/B, Somajiguda,*

*Hyderabad 500 082.*

*Tel: 3310561, 3310168. Fax: 3318366, 3311612*



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## **Notice**

Notice is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Members of **DECCAN CEMENTS LIMITED** will be held on Monday, the 29th day of July, 2002 at 11.00 AM at "**Bhaskara Auditorium**", Birla Museum, Adarsh Nagar, Hyderabad - 500 063, 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, 2002, the Audited Balance Sheet and the cash flow statement 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 a Director in place of Mr K Gangi Reddy, Director, 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 modifications the following resolution as an Ordinary Resolution:

*"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, if any, read with Schedule XIII of the said Act as amended and subject to such approval and permission of any authority as may be necessary and subject to such modifications or stipulations as may be advised*

*or stipulated by such authority, the Company hereby accords its consent and approval to the increase in the salary of Ms P Parvathi, Managing Director to Rs.50,000/- per month with effect from 01.08.2001 and that the other terms and conditions of her remuneration will continue to be as approved by the members at the Annual General Meeting held on 28th August, 1998.*

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

*"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or reenactment thereof for the time being in force) and subject to the limits specified in Schedule XIII of the said Act, and subject to such approvals and permission of any authority as may be necessary, Mr. M B Raju be and is hereby appointed as the Executive Chairman of the Company for a period of 5 years with effect from 1st July, 2002 on the following terms and conditions:*

- i) Salary : Rs.60,000/- per month with annual increment of Rs.5,000/-
- ii) Other terms and conditions shall be as follows:

#### Commission:

*Commission @ 1% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956.*

#### Perquisites and Allowances:

##### 1. Housing:

- a) The expenditure incurred by the Company on hiring accommodation for the Executive Chairman shall be subject to a ceiling of 60% of salary over and above 10% payable by the Executive Chairman himself.



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- b) Where accommodation in Company owned house is provided, the Executive Chairman shall pay to the Company by way of rent 10% of salary.
- c) Where the Company does not provide accommodation to the Executive Chairman, House Rent Allowance may be paid by the Company in accordance with (a) above.
- d) The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of salary of the Executive Chairman.
- II. Medical Reimbursement:  
Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.
- III. Leave Travel concession:  
For self and family once in a year in accordance with any rules specified by the Company.
- IV. Club Fees:  
Fees of Clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- V. Personal Accident Insurance:  
For an amount as per the rules of the Company.
- Other Perquisites:
- i. Company's contribution towards Provident Fund subject to a ceiling of 12% of salary, as per rules of the Company.
- ii. Company's contribution towards Pension / Superannuation Fund, as per rules of the Company - such contribution together with the contribution to the Provident Fund shall not exceed 27% of salary.
- iii. Gratuity payable in accordance with an approved scheme and shall not exceed one half month's salary for each completed year of service.
- Contribution to Provident fund and Superannuation fund to the extent they are exempted under the Income Tax Act, 1961 and encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. All long distance personal calls shall be duly logged and paid for by the Executive Chairman. Earned / Privilege Leave will be on full pay and allowances as per rules of the Company. Leave accumulated but not availed of during his tenure may be allowed to be encashed as per the rules of the Company.
- "RESOLVED FURTHER THAT in pursuance of the provisions of Schedule XIII of the Companies Act, 1956, the above remuneration by way of salary and perquisites be paid as minimum remuneration to Mr M B Raju Executive Chairman, in the absence or inadequacy of profits in any year."
8. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:
- "RESOLVED that subject to the provisions of Section 309 and other applicable provisions,



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if any, of the Companies Act, 1956, a sum not exceeding 1% 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.3,00,000/- per annum be paid and distributed amongst the Directors of the Company in such proportion and in such manner and in all respects as may be agreed amongst the Directors and such payment shall be made in respect of the profits of the Company for each year for a period of five years commencing from 1st April, 2002."

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 : 21.06.2002

**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 23.07.2002 to 29.07.2002 (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 as on 22nd July, 2002 for the purpose of shares held in demat form and as on 29th July, 2002 for the purpose of shares held in physical form.

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. 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 205C 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.
7. **Stock Exchanges:**
  - a) The Company's shares 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 2002-2003 has been paid in time as per Clause 38 of the Listing Agreement with Stock Exchanges at Hyderabad and Mumbai.
8. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.



## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

#### Item No.6:

Ms. P Parvathi was appointed as Managing Director with effect from 1st August, 1998 for a period of 5 years at a salary of Rs.25,000/- per month, commission @ 1% of the net profits and perquisites in terms of Schedule XIII of the Companies Act, 1956 and that in case of absence or inadequacy of profits in any year the above amount be paid as minimum remuneration. The above remuneration was approved by the Members.

The Board of Directors had approved an increase in the salary of the Managing Director from Rs.25,000/- to Rs.50,000/- per month with effect from 1st August, 2001. All other terms and conditions shall be the same as was approved by the Members.

The Board recommends the resolution for approval of the Members.

None of the Directors are interested in the resolution except Ms P Parvathi, Managing Director, Mr M B Raju, Chairman and Mr P Venugopal Raju, Director.

#### Item No.7:

Mr M B Raju is the Founder of Deccan Cements Limited and is an Industrialist having wide range of experience in Corporate Sector and setting up of industries. The Board of Directors of the Company at the meeting held on 21st June, 2002 have approved the appointment of Mr M B Raju as the Executive Chairman of the Company inter alia for benefiting from his experience for diversification and other plans of the Company for a period of 5 years with effect from 1st July, 2002 on the terms and conditions as set out in the resolution which has been approved by the Remuneration Committee. This, together with terms and conditions of appointment may be treated as an

extract in terms of Section 302 of Companies Act, 1956.

The Board recommends the resolution for approval of the Members.

None of the Directors are interested in the resolution except Mr M B Raju, Chairman, Ms P Parvathi, Managing Director and Mr P Venugopal Raju, Director.

#### Item No.8:

As the Members are aware the non whole time Directors of the Company are paid commission with the approval of Members @ 1% of the net profits of the Company subject to a limit of Rs.2 lacs per annum for all non whole time Directors put together. The Board of Directors at their meeting held on 21st June, 2002 felt that in view of the greater involvement and the considerable time devoted by them to the business of the Company, the ceiling of the commission payable be increased from Rs.2 lacs to Rs.3 lacs excepting the Executive Chairman and the Managing Director.

The Board recommends the resolution for approval of the Members.

All the Directors of the Company except Mr M B Raju, Chairman and Ms P Parvathi, Managing Director are interested in the above resolution to the extent of the commission payable to them in accordance with the proposed resolution.

#### Inspection of Documents:

The relevant documents may be inspected at the Registered Office of the Company during any working day/hours.

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 : 21.06.2002





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

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

<i>Name of the Director</i>	<i>Umesh Shrivastava, B.E.</i>	<i>K Gangi Reddy</i>	<i>M B Raju, B.E. (Hons.)</i>
<i>Age</i>	<i>68 Years</i>	<i>75 Years</i>	<i>63 Years</i>
<i>Date of Appointment</i>	<i>21.08.1981</i>	<i>11.03.1988</i>	<i>Since Inception i.e. 31.7.79</i>
<i>Experience</i>	<i>Consulting Engineer</i>	<i>Industrialist</i>	<i>Industrialist</i>
<i>List of outside Directorships held</i>	<i>NECEM Cements Ltd Holtec Consulting (P) Ltd Bihar Hotels Ltd Technology Applications Consultants Pvt Ltd</i>	<i>V Dhana Reddy &amp; Co, Amml Reddy Oil Mills Ltd Inter Freight Services P Ltd</i>	<i>KVK Raju International Academy DCL Information Technologies Ltd</i>
<i>Chairman/member of the Committee of the Board of Directors of the Company</i>	<i>Chairman Remuneration Committee</i>	<i>Member Shareholders Grievance Committee</i>	<i>Chairman Share Transfer Committee</i>
	<i>Member Shareholders Grievance Committee</i>		
<i>Chairman/member of the Committee of Directors of other Companies:</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>



## DIRECTORS' REPORT

### The Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Accounts and Cash Flow Statement for the year ended 31st March, 2002.

### Financial Results

The Financial results for the year ended 31st March, 2002 are summarized below :

	<b>April, 2001 March, 2002</b>	<b>April, 2000 March, 2001</b>
	<b>Rs.In Lacs</b>	<b>Rs.in Lacs</b>
Sale Income	<b>7714.68</b>	6984.94
Other Income	<b>100.94</b>	78.77
Total	<b>7815.62</b>	7063.71
Profit before Depreciation, and interest	<b>1401.82</b>	1393.97
Less: Depreciation	<b>329.97</b>	319.00
Interest	<b>251.58</b>	320.07
Profit for the year	<b>820.27</b>	754.90
Provision for Taxation	<b>67.50</b>	83.40
Provision for Deferred Taxation	<b>150.03</b>	—
Profit after Taxation	<b>602.74</b>	671.50
Prior Year adjustments	<b>5.73</b>	(1.16)
Profit brought forward from previous year	<b>613.00</b>	235.61
Profit available for appropriation	<b>1221.47</b>	905.95
<b>Appropriations</b>		
Proposed Dividend	<b>175.09</b>	175.09
Dividend Tax	—	17.86
General Reserve	<b>100.00</b>	100.00
Balance retained	<b>946.38</b>	613.00

### Review of Operations

During the year under review despite adverse market conditions in the Cement Industry, the Company has performed satisfactorily. The Power Division viz., Mini Hydel Project at GBC Narsaraopet and Wind Farm at Ramagiri have also contributed.

### Commissioning of the Slag Cement Plant

Your Directors take pleasure to inform that the Slag Cement Plant with capacity of 3,00,000 TPA has been commissioned during the year and commercial production as commenced.

### 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, 2002 which would entail a Cash outflow of Rs.175.09 lacs.

### Fixed Deposits

The aggregate amount of deposits accepted by the Company stood at Rs.312.31 Lacs and matured and unclaimed deposits as on 31st March, 2002 were Rs. 1.62 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 and for the successful commissioning of the Slag Cement Plant.

### 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

Corporate Governance has been a norm which the





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Company has been practising much before the introduction of the code. A detailed report 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 Sections 255 and 256 of the Companies Act, 1956, Mr Umesh Shrivastava and Mr K Gangi Reddy, Directors retire by rotation and are 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 is no employee in the organisation coming under 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, The State Bank of Travancore, the Debenture Trustees (The IFCI Limited), NEDCAP, various Departments of the State and Central Governments, Customers, Vendors and Shareholders for their valuable support to the Company.

For and on behalf of the Board

Hyderabad  
21st June, 2002

**M B Raju**  
Chairman



## 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 in this regard already taken up the work of upgradation of the existing pyro process system.

#### 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:

There will be reduction in consumption both in the power and coal.

#### 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.

	Current Year	Previous Year
<b>Rupees in Lacs</b>		
Used	945.54	5.43
Earned	—	—