

28th Annual Report 2007 - 08



DECCAN CEMENTS LIMITED

Board of Directors

Directors

M B Raju	Executive Chairman
Umesh Shrivastava	
D.R.K. Rao	
P. Venugopal Raju	
R.S. Agarwal	
P. Parvathi	Managing Director

Senior Executives

L. Jayashankar	Executive Vice President
G.R. Ram	Senior Vice President
C. Srinivasan	General Manager (Legal) & Company Secretary
Y. Linga Rao	General Manager (Works)
H.V. Badri Narayana Murthy	General Manager (Finance)
M. Krishnam Raju	General Manager (Marketing)

Auditors

M. Bhaskara Rao & Co.
Chartered Accountants
5-D, 5th Floor,
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



NOTICE

Notice is hereby given that the **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the Members of **DECCAN CEMENTS LIMITED** will be held on the 2nd September, 2008 at 10.00 A.M. at "Bhaskara Auditorium", Birla Museum, Adarsh Nagar, Hyderabad to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2008, the Balance Sheet as at that date and the Directors' and the Auditors' Reports thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. P Venugopal Raju, Director who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. D R K Rao, Director who retires by rotation and being eligible, offers himself for reappointment.
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 the next Annual General Meeting and to fix their remuneration.

By Order of the Board
C. SRINIVASAN

Place: Hyderabad General Manager (Legal) &
Date : 13th June, 2008 Company Secretary

Registered Office:

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

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 at least 48 hours before the commencement of the meeting.
2. Members are requested to notify immediately of 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 the 26th August, 2008 to 2nd September, 2008 (both days inclusive)
4. Dividend on shares, if approved at the Annual General Meeting, will be paid to those members whose names appear on the Company's Register of Members on the 2nd September, 2008 as per the list of beneficial ownership furnished by depositories for this purpose, for shares held in Electronic form.
5. Pursuant to 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, 2000. Dividend for the financial year ended 31st March, 2001 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 for payment of their unclaimed dividend.
6. **Stock Exchanges:**
 - a) The Company's shares are listed with Mumbai Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and National Stock



- Exchange Limited Bandra Kurla Complex, Bandra East, MUMBAI - 400 051.
- b) The Annual Listing Fee for the year 2007-2008 has been paid in time as per Clause 38 of the Listing Agreement to Stock Exchanges at Mumbai.
- c) The recognition to Hyderabad (Regional) Stock Exchange, 6-3-654, Somajiguda, Hyderabad - 500 082 whereat the Company's shares were hitherto listed had been withdrawn in terms of Section 5(2) of the Securities Contracts (Regulation) Act, 1956(SCRA) vide press release 252/2007 of 03.09.2007 effective from 29.08.2007.

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

As required under Clause 49 of the Listing Agreement, particulars of Mr.P.Venugopal Raju, Director and Mr. D R K Rao, Director who are proposed to be reappointed at this Annual General Meeting are given below:

Mr. P. Venugopal Raju, aged 48 years is B.Com., A.C.A and is a Post Graduate in Master of Science in Management from Massachusetts Institute of Technology (MIT) (Sloan School of Management). He is a Director on the Boards of Vibrant Developers

Pvt.Ltd., Khandaleru Power Company Limited, DCL Information Technologies Limited, DCL Securities Limited and Melville Finvest Limited. He is also a member of the Audit Committee of the Company.

Mr. D R K Rao, aged 77 years has over 40 years of experience as Corporate Consultant and is specialized in setting up of Chemical Plants. He is also the Chairman of the Audit Committee and a member of Remuneration Committee of the Company

Inspection of Documents:

The relevant documents are available for inspection at the Registered Office of the Company during any working day / hours.

By Order of the Board
C. SRINIVASAN

Place: Hyderabad
Date : 13th June, 2008

General Manager (Legal) &
Company Secretary

Registered Office:

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



DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with the Audited Accounts and Cash Flow Statement for the year ended 31st March, 2008.

Financial Results:

The Financial Results for the year ended 31st March, 2008 are summarized below:

	April, 2007 March, 2008	April, 2006 March, 2007
	Rs.in Lacs	Rs.in Lacs
Sales Income	20921.50	17169.25
Other Income	303.61	193.47
Total	21225.11	17362.72
Profit before Depreciation and interest	7950.21	4929.62
Less : Depreciation	580.62	546.53
Interest and Finance Charges	56.99	77.76
Profit for the year	7312.60	4305.33
Less : Provision for Taxation	2271.35	1213.96
Provision for Deferred Taxation	222.32	222.76
FBT	12.29	10.37
Prior Year taxation	9.35	16.71
Profit after Taxation	4797.29	2841.53
Prior year adjustments	(0.70)	0.96
Profit for the year	4796.59	2842.49
Profit brought forward from previous year	4357.43	2045.58
Profit available for appropriation	9154.02	4888.07
Appropriations		
Proposed Dividend	210.11	210.11
Dividend Tax	35.71	35.71
General Reserve	479.65	284.82
Balance retained	8428.55	4357.43

Results of Operations:

The performance of your Company for the year under review was outstanding. The production and turnover of Cement/Slag Divisions were the highest ever achieved. Due to market demand, the price realisation was also significantly higher, leading to a record profit of Rs.73.12 crores as against Rs. 43.05 crores in the previous year.

The Company had put up a 1500 KW Wind Mill in Tamilnadu and commissioned it on 26th September, 2007. The Wind Mill has generated 56.80 lac units since the date of commissioning. The progress on one million tonne cement plant and the Captive Power Plant is satisfactory. The Company expects commercial production from the new plant from September, 2008.

The Company is in the process of registering its project as clean development mechanism(CDM) for availing Carbon Credit and has entered into an agreement with VESTAS in this regard.

Appropriations:

Dividend:

The Company has been following a consistent dividend payment policy. Considering the Company's track record of dividend payment and the current year's good profitability, your Directors are pleased to recommend for your consideration a dividend of Rs.3/- per equity share (30%) for the year ended 31st March, 2008 which would entail a cash outflow of Rs. 210.11 lacs and Dividend Distribution Tax amounting to Rs.35.71 lacs.

Transfer to Reserves:

Your Directors propose to transfer Rs. 479.65 lakhs in terms of Companies (Transfer of Profits to Reserves) Rules, 1975.

Capital Structure:

During the financial year under review, the share capital of your Company remained unaltered.

Fixed Deposits:

The aggregate amount of deposits accepted by the Company as at 31st March, 2008 stood at Rs. 112.17 lacs. There are no matured and unclaimed deposits as on 31st March, 2008.

**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.

Social Responsibility

During the financial year ended 31st March, 2008 your company supplied 70567 MT of cement at concessional price to the State Government as part of its Indiramma Housing Welfare Scheme.

Corporate Governance:

A detailed report on Corporate Governance is annexed hereto and forms part of the report.

Directors' Responsibility Statement:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 it is confirmed that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) the Directors have 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) the Directors have 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) the Directors had prepared the annual accounts on a going concern basis.

Directors:

Pursuant to provision of Section 255 of the Companies Act 1956, Mr. P Venugopal Raju and Mr. DRK Rao 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 Annual General Meeting and are eligible for reappointment.

Particulars of Research and Development, Conservation of energy, technology absorption, etc.:

Particulars required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is given in the annexure to the Report.

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 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 attached and forms part of this report.

Acknowledgement:

The Board expresses its grateful thanks to the Government of Andhra Pradesh, Industrial Development Bank of India, State Bank of India, Andhra Bank, State Bank of Hyderabad, State Bank of Mysore, State Bank of Sourasthtra, Indian Bank, APTRANSCO, APCPDCL, customers and dealers for their support to the Company.

For and on behalf of the Board

Hyderabad
Date: 13th June, 2008

M B Raju
Executive Chairman



ANNEXURE - I

ANNEXURE TO DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under the Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988.

FORM A

(See Rule 2)

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

A) POWER AND FUEL CONSUMPTION		Current Year 2007-08	Previous Year 2006-07
1) ELECTRICITY :			
a) Purchased Units (KWH - Lacs)		535.22	518.67
Total Amount (Rs.in lacs)		1872.19	1762.57
Rate per unit (Rs.)		3.50	3.40
b) Own Generation:			
Through Diesel Generator			
Units (KWH lacs)		2.82	2.21
Total Amount (Rs.lacs)		47.33	33.37
Rate per unit (Rs.)		16.78	15.10
2) Coal (C&D Grade):			
Used as a Fuel in Kiln:			
Quantity (Million K Cal)		387464	387573
Total Cost (Rs.in lacs)		2279.19	1954.90
Average Rate (Rs./million K Cal)		588	504
B) CONSUMPTION PER UNIT PER PRODUCTION			
Cement Division			
Electricity (KWH/T of Cement)		87	85
Coal %		19.10	19.67
Slag Division			
Electricity (KWH/T of Cement)		39	37

FORM B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption.

- A. RESEARCH AND DEVELOPMENT (R&D) : NOT APPLICABLE
- B. TECHNOLOGY ABSORPTION : NOT APPLICABLE
- ADAPTATION AND INNOVATION

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.

The Company has already taken measures to reduce the thermal and electrical energy consumption on continues basis.

**ANNEXURE - I****c) 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 39 units.

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS 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 export of its product.

b) Total foreign exchange used and earned.

		Rs. in lacs
	Current year	Previous Year
Used	85.69	96.52
Earned	NIL	NIL

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, 2008.

Name, age and Qualification	Designation and nature of Duties	Date of commencement of employment	Experience in years	Remuneration (Rs. in lacs)	Last Employment
P PARVATHI 42 years M Com	MANAGING DIRECTOR	01.07.1998	19	149.32	Dy.Manager, Secretarial Department DCL Polyesters Ltd
M B RAJU 68 years B.E.	EXECUTIVE CHAIRMAN	31.07.1979	49	149.12	Chairman and Managing Director, DCL Polyesters Ltd

1. Remuneration includes Salary, Commission, Company's contribution to Provident Fund, Superannuation Fund and Group Gratuity Scheme, reimbursement of medical expenses, Leave Travel Assistance and other perquisites.
2. Ms P Parvathi, Managing Director and Mr. M B Raju, Executive Chairman are related to each other in terms of schedule I-A, read with Section 6(c) of the Companies Act, 1956.
3. There are no employees in the service of the Company within the category covered by sub-section(2)(iii) of Section 217 (2A) of the Companies Act, 1956.
4. The terms of employment of Mr. M B Raju and Ms P Parvathi are contractual.

for and on behalf of the Board

Place : Hyderabad
Date : 13th June, 2008

M.B. Raju
Executive Chairman



ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance for the financial year from 1st April, 2007 to 31st March, 2008 as per format prescribed by SEBI and incorporated in the revised clause 49 of the Listing Agreement is set out below:

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 is 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 stakeholders, including amongst others, Shareholders, customers, employees and the community in which the Company operates.

II Board of Directors ("Board")

The Board comprises of the following 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 & Executive Director

Name of the Director	Status
Mr. Umesh Shrivastava	Independent & Non Executive Director
Mr. P Venugopal Raju	Non Executive Director
Mr. D R K Rao	Independent & Non Executive Director
Mr. R S Agarwal	Independent & Non Executive Director
Mr. J Narayanamurthy*	Independent & Nominee of IDBI.

* Nomination of Mr. J Narayanamurthy was withdrawn by IDBI vide their letter dated No.CBSD.53/176/NOM.8 dated 23.08.2007 with effect from 23.08.2007.

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 in a quarter to review the quarterly performance and financial results.

i) Number of Board Meetings:

During the year from 1st April, 2007 to 31st March, 2008 the Board met five times on the following dates:

12th June, 2007
25th July, 2007
22nd September, 2007
26th October, 2007
29th January, 2008


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 Boards as on 31.03.2008	No.of Memberships in other Board Committees as on 31st March, 2008
Mr. M B Raju	5	5	YES	2	NIL
Ms. P Parvathi	5	5	YES	NIL	NIL
Mr.Umesh Shrivastava	5	4	YES	4	NIL
Mr.P Venugopal Raju	5	4	YES	5	NIL
Mr.D R K Rao	5	4	YES	NIL	NIL
Mr.J Narayanamurthy* (IDBI Nominee)	5	3	YES	1	NIL
Mr R S Agarwal	5	4	YES	8	8

* Nomination of Mr. J Narayanamurthy was withdrawn by IDBI vide their letter dated No.CBSD.53/176/NOM.8 dated 23.08.2007 with effect from 23.08.2007.

III Committees of Directors:

Non- executive Directors provide guidance to operating management on policy matters as well as in monitoring the actions of operating management. The involvement is formalized through constitution of designated 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 Act, 1956.

A) AUDIT COMMITTEE:
i) The Audit Committee comprises of the following non-executive members of the Board.

1.	Mr. D R K Rao	Chairman
2.	Mr. J Narayanamurthy*	Member
3.	Mr. P Venugopal Raju	Member
4.	Mr R S Agarwal**	Member

* Mr J Narayanamurthy resigned from the Committee with effect from 23.08.2007.

**Mr R S Agarwal appointed as member with effect from 26.10.2007.

ii) During the year from 1st April, 2007 to 31st March, 2008 the Audit Committee met four times on the following dates:

12th June 2007 25th July, 2007
26th October, 2007 29th January, 2008

iii) Attendance of the members in the Audit Committee Meetings:

Name of the Director	No.of meetings held	No.of meetings attended
Mr. D R K Rao	4	3
Mr. P Venugopal Raju	4	4
Mr. J Narayanamurthy	4	2
Mr R S Agarwal	4	2

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: