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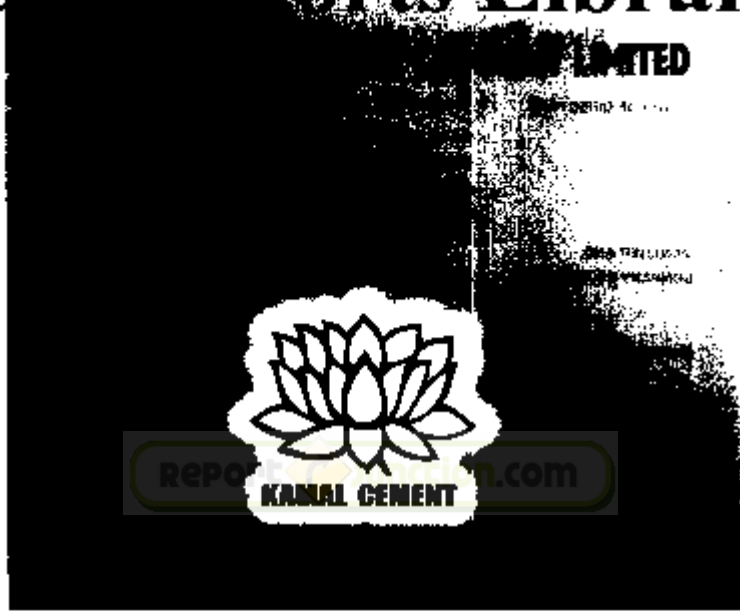

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Shree Digvijay Cement Company Limited

BOARD OF DIRECTORS	SHRI K.D. AGRAWAL	– Chairman
	SHRI S. MISRA	
	SHRI G.P. PURANMALKA	
	SHRI S.K. MAHESHWARI	
	SHRI N.P. SUBRAMANIAN	– Nominee Director, ICICI Bank Ltd.
MANAGER AND COMPANY SECRETARY	SHRI S.N. MALPANI	
EXECUTIVES	SHRI R.A. SOMANI	Jt. Executive President & CEO
	SHRI P.A. NAIR	Sr. Vice President (Tech.)
	SHRI K. JAISALMERIA	Vice President (Comm.)
	SHRI T.C. JAIN	Vice President (Mktg.)
	SHRI J.P. BANG	Vice President (Fin.)
	SHRI C.S. JAROL	Vice President (C.E., C & L)
AUDITORS	M/s. LODHA & CO., Chartered Accountants 12, Bhagatsingh Marg, New Delhi - 110 001	
BANKERS	STATE BANK OF SAURASHTRA	
REGISTERED OFFICE AND WORKS	P. O. Digvijaygram - 361 140, Via Jamnagar (Gujarat)	

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NOTICE

NOTICE is hereby given that the Fifty-seventh Annual General Meeting of the Members of SHREE DIGVIJAY CEMENT COMPANY LIMITED will be held at the Registered Office of the Company at DIGVIJAYGRAM 361 140, Via Jamnagar, Gujarat on Friday, the 28th day of March, 2003 at 11.00 A.M. I.S.T. to transact with or without modifications as may be permissible, the following business:

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 30th September, 2002.

2. To appoint a Director in place of Shri K.D. Agrawal, who retires from the office by rotation, and being eligible, offers himself for re-appointment.

3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board

Place : Digvijaygram
Date : 30th January, 2003

S.N. MALPANI
Company Secretary

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NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

2. The instrument appointing a proxy should however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 21st day of March, 2003 to 28th day of March, 2003 (both days inclusive).

4. Members 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. Members can avail facility of nomination in respect of shares held by them and may send their Nomination form duly filled in, to the Company.

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Dear Shareholders

Your Directors present the 27th Annual Report together with the Audited Accounts of the Company for the year ended 30th September 2002

FINANCIAL RESULTS

	Current year Ended 30.09.2002	(Rs. in Lacs) Previous year Ended 30.09.2001
Sales	20869	19668
Gross Operating Profit (PBIDT)	2048	1312
Less: Interest	2048	1425
Cash (Loss)	(1429)	(1138)
Add: Depreciation	917	797
Net Operating (Loss) before extraordinary items	(1840)	(1847)
Extra Ordinary Items		
VRS		
Employee separation cost	(1293)	0
Loss on disposal due to separation	0	(241)
Net (Loss) before Tax	(3383)	(2228)
Deferred Tax charge/(set)	1931	0
(Loss) after Tax	(2072)	(2228)
Add: Balance brought forward		
from previous year	(19431)	(19612)
Investment Allowance Reserve		
utilised no longer required		
transferred to Profit & Loss		
Account	15	
Deferred Tax Credit for earlier years on stock adoption	1738	(1738) 0
LOSS CARRIED OVER	(19810)	(19901)

REVIEW OF OPERATIONS

PBIDT during the year registered a significant increase of 56% over previous years' primarily through the commission of the Dry Process Clinker Line (which had been severely damaged in the earthquake on 26th Jan '01). This enabled your Company to achieve higher production and sales volume which had been restricted in the previous year. Outsourcing of Clinker was also successful, thereby reducing the cost of manufactured material.

PLANT PERFORMANCE

Production and sale of clinker and cement during the year has been as under :-

	Current year Ended 30.09.2002	(Qty. in lacs MT) Previous year Ended 30.09.2001
PRODUCTION :		
Clinker	9.93	8.16
Cement	8.36	6.81
SALES :		
Clinker	0.97	0.15
Cement	9.28	6.72

EXPORT

The Company had an Export Obligation Project for Rs. 1.00 Crore and 0.65 lakh tons of Cement respectively for 1.65 lakh tonnes at the beginning of the year against which, loss on point of coal and packing materials.

During the year under review, your Company has exported 0.97 lakh tons of Clinker and 0.13 lakh tons of Cement respectively to Nepal and Bangladesh. Out of the remaining EO of 0.85 lakh tons of cement, 0.65 lakh tons has been exported in the first quarter of the year following the Central Government approval to carry forward the export obligation and the balance 0.20 lakh tons could not be exported due to the earthquake in Gujarat in January 2001.

EXCEPTIONAL CHARGES

As a part of its internal strategy, your Company implemented Voluntary Retirement Scheme (VRS) for the benefit of the employees. Accordingly, an amount of Rs. 1293.00 lacs has been provided in the Accounts for the year under review. This is expected to result in annual savings of Rs. 840 lacs per year.

SECTOR OUTLOOK

Cement demand in the country is expected to grow at a moderate pace. The industry is expected to benefit from the increasing thrust on infrastructure development. The Government has announced its policy to give the huge surplus coastal coal to Western India.

OUTLOOK FOR COMPANY'S BUSINESS

Your Company is well placed to take advantage of the likely growth in the cement demand in the area of Rajkot, Morbi and Porbandar in addition to its well established market in Jamnagar. Your Company has taken one of the largest producers of specialty cements, Lehigh of USA into its fold. Their expertise may be gainfully utilised in the future.

RISK & CONCERNS

Pursuant to the directive of the Board for the identification of the risks and concerns, the Audit Committee of the Board has identified the following as the major risks and concerns :

- Increase in the cost of fuel and power
- Increase in the cost of transportation
- Increase in the cost of packing materials
- Increase in the cost of raw materials

DIRECTORS

Shri C. Mangal resigned from the Board of Directors of the Company. The Board records with regret the demise of Shri Jaikishan and places on record its appreciation for the services rendered by him during his tenure as Director of the Company.

The Board has appointed Shri Sanjay Agrawal as Director of the Company in the casual vacancy caused by resignation of Shri S.N. Maheshwari.

Shri P.Sivaraman was re-appointed by the Board as Chief Executive Officer & Whole Time Director of the Company for a period of three years with effect from 1st October 2002 subject to the approval of the shareholders in the ensuing Annual General Meeting.

Shri R.D. Agrawal, who retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS

Your Directors request you to appoint Auditors for current financial year and to fix up their remuneration. M/s. Lodha & Co. Chartered Accountants, New Delhi, the existing Auditors of the Company, retiring at the ensuing Annual General Meeting are available for re-appointment and have furnished certificate of their eligibility for re-appointment.

AUDITORS' REPORT

The observations made in the Auditors' report are self-explanatory and therefore, do not call for any further comments u/s 217(3) of the Companies Act, 1956.

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PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

(a) The Company had no employees in the category mentioned under Section 217(2A) of the Companies Act, 1956

(b) Information relating to conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo required under Section 217 (1)(e) of the Companies Act, 1956 are annexed And form part of this report

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance and conditions of Corporate Governance are made a part of the Annual Report

As stipulated in Section 217 (2AA) of the Companies Act, 1956 Directors submit to the "Directors' Responsibility Statement" and confirm that

(i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgments 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 and loss of the Company for that period;

(iii) they have taken proper and sufficient care of 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) they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors take this opportunity to express their appreciation for the support and co-operation received from the State and Central Government, the Financial Institutions, Bankers and Shareholders of the Company. The Directors also recognise the commitment and dedication of the Executives & employees.

On behalf of the Directors

K.D.Agrawal
Chairman

Mumbai 24th December 2002

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Information required by Section 417(1) and (2) of the Companies Act 1985 and the Combined Code (Disclosure of how we comply with the Code) Where these are included as part of the Directors' Report for the year ending 31st December, 2006.

	Provisions	
(a)	OWNERSHIP OF ENERGY	
(a)	Energy consumption measurements	1 Identification and collection of data on energy consumption, including data on energy use within the organisation 2 Identification of areas of potential cost savings and improvements in energy efficiency 3 Setting targets for energy consumption and monitoring progress against these targets 4 Reporting on energy consumption and energy efficiency initiatives in the annual report and accounts 5 Implementing energy management practices and systems to ensure that energy is used efficiently 6 Regularly reviewing and updating energy management practices and systems 7 Encouraging employees to participate in energy saving initiatives
(b)	Additional investments and proposals, supporting explanatory information and justification of payback	1 Identification of potential investments in energy efficiency 2 Appraisal of potential investments in energy efficiency 3 Implementation of investments in energy efficiency 4 Monitoring the performance of investments in energy efficiency 5 Reporting on investments in energy efficiency in the annual report and accounts
(c)	Impact of the investments in (b) on the Company's business, including changes in energy consumption and consequent impact on the overall production of goods	Particulars of the investments in (b) and the impact on the Company's business, including changes in energy consumption and consequent impact on the overall production of goods
(d)	Future energy consumption and energy efficiency considerations and plans of production	Future energy consumption and energy efficiency considerations and plans of production
(e)	TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)	
(a)	Specific areas in which R & D is carried out by the Company	1 Improvement in manufacturing processes and cost reduction 2 Development of new products and improvement in existing products 3 Investigation of new technologies for improving efficiency of existing equipment and their adaptation to the Company's operations
(b)	Benefits derived as a result of the above R & D	1 Cost reduction in production 2 Quality improvement 3 Development of new products
(c)	Future plan of action	1 Further improvement in commercial production and quality of products and processes 2 Development of new products 3 Import substitution 4 Expenditure on R & D
(d)	Expenditure on R & D	a) Capital b) Recurring c) Total d) Total R & D expenditure as a percentage of total turnover
(e)	Technology absorption, adaptation and innovation	
(i)	Efforts in brief, made towards technology absorption, adaptation and innovation	
(ii)	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	
(iii)	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished Technology imported Year of import Has technology been fully absorbed If not fully absorbed, areas where this has not been achieved and the reasons thereof	
(iv)	Expenditure incurred on Research and Development	
(f)	FOREIGN EXCHANGE EARNINGS AND OUTGO	
(a)	Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans	Company's efforts to increase exports, development of new export markets
(b)	Total foreign exchange used and earned	1 Used 2 Earned

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FORM "A"

Form for disclosure of particulars with respect to Conservation of Energy

		Current Year 2001-2002	Previous Year 2000-2001
A) POWER & FUEL CONSUMPTION:			
1) Electricity:			
(a) Purchased:			
Units KWH	lac	NIL	NIL
Total Amount	Rs. Lacs	NIL	NIL
Rate per Unit	Rs.	NIL	NIL
(b) Own Generation:			
Through Diesel / Furnace Oil Genset			
Units KWH	lacs	1082	827
Units per Ltr. of Diesel / Furnace Oil	Kwh	4.19	4.05
Cost per Unit	Rs.	2.88	3.05
2) Coal for Kilns (various grades)			
Quantity	In thousand Tonnes	134	94
Total Cost	Rs. in Lacs	2749	1258
Average Rate	Rs. Per tonne	2048	1968
3) HSD/Furnace Oil/LDO			
Quantity	K. Ltrs	25030	14829
Total Cost	Rs. in Lacs	2272	1452
Average Rate	Rs./K Ltr.	9.07	9.79

B) CONSUMPTION PER UNIT OF PRODUCTION:	Standard (If any)	Current Year 2001-2002	Previous Year 2000-2001
a) Electricity/Kwh/Tonne of Cement			
Wet Process	120	101	100
Dry Process	120	103	104
b) Coal			
Cement (K.cal/kg. Clinker)			
Wet Process	8150-8450	1407	1423
Dry Process	800	791	805

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REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on code of governance

The Company believes in adopting the best Corporate Governance practices. The Company further believes that the interest of the shareholders is the right barometer to measure the performance of the Board of Directors and the Management. Fair disclosure to the Organization as well as to the investor at large is followed by them.

2. Board of Directors

(a) Composition and Category

Present strength of the Board of Directors is five, whose composition is given below:

1 Non-Executive Directors

2 Independent Non-Executive promoter Directors (Representing ICICI Bank Ltd)

3 Independent Non-Executive Directors

The composition of the Board of Directors and the number of other Boards of Directors or Board Committees of which he/she is a member/chairperson is given as under:

Name of the Director	Category	No. of other Directorships	Board Membership held in other Companies	No. of Committee memberships in other Companies
Shri K.D. Agarwal Chairman	Independent Non-Executive	4	Nil	3
Shri S. Mehta	Non-Executive	5	Nil	Nil
Shri O.P. Pasupuleti	Non-Executive	Nil	Nil	Nil
Shri S.P. Popat	Non-Executive	Nil	Nil	Nil
Shri S.K. Vijayakumar**	Non-Executive	Nil	Nil	Nil
Shri M.P. Sethumadhavan***	ICICI Bank Ltd.	4	Nil	Nil

percentage

* up to 26th April 2002

** from 26th April 2002

*** from 28th February 2002

(b) Attendance of each Director at the Board meeting held the last Annual General Meeting

During the year under report 30th September 2002, five Board Meetings were held on 26th November 2001, 27th December 2001, 26th January 2002, 26th April 2002 and 24th July 2002. The details of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is given hereunder: The company does not have any Executive Director. It has not paid any commission to Directors. Details of sitting fee paid for attending Board meetings is given below under:

Name of the Director	No. of Board meetings		Sitting Fees paid (Rs.)	Whether last AGM on 22nd March 2002
	Held	Attended		
Shri K.D. Agarwal	5	4	20,000	No
Shri S. Mehta	5	5	25,000	Yes
Shri O.P. Pasupuleti	5	5	25,000	Yes
Shri S.P. Popat	5	5	25,000	Yes
Shri S.K. Vijayakumar**	2	2	10,000	No
Shri M.P. Sethumadhavan***	2	2	10,000	No

* ceased to be Director of the Company w.e.f 26th April 2002

** appointed on the Board w.e.f. 26th April 2002

*** nominated by ICICI Bank Ltd. W.e.f 28th February 2002

3 (a) AUDIT COMMITTEE

The Company has an Audit Committee as per the terms of reference.

The details of the composition are as follows:

1 Shri K.D. Agarwal - Chairman

2 Shri S. Mehta - Member

3 Shri O.P. Pasupuleti - Member

4 Shri M.P. Sethumadhavan - Nominated member

The President & CEO is also permanent invitee to the Audit Committee.

The Company Secretary is Secretary to the Committee.

The Audit Committee met 3 times during the year 2002.

(b) REMUNERATION COMMITTEE

The Company has a Remuneration Committee with following composition:

1 Shri K.D. Agarwal - Chairman

2 Shri S.K. Vijayakumar - Member

3 Shri P. Vijaya Mohan - Member

The Committee met once in the year 2002 to fix the remuneration of Manager of the Company. As at present neither the Company does not have any Executive Director nor has the ability to pay any remuneration to Non-Executive Directors but other than sitting fees.

(c) SHAREHOLDERS COMMITTEE

The Company has Shareholders/Investors Committee which is consisting of two members of the Company. None of the Directors is the member of the Committee. Company Secretary is the compliance officer.

(d) GENERAL BODY MEETINGS

Last three annual/other AGMs held:

Financial Year	Date	Location of the Meeting	Time
1998-99	27th Dec. 1999	Regd. Office Deepagram	11.00 A.M.
1999-00	30th Mar. 2001	Regd. Office Deepagram	11.30 A.M.
2000-01	22nd Mar. 2002	Regd. Office Deepagram	11.30 A.M.

No special resolution was put through postal ballot in the last AGM and is not proposed for this year.

DISCLOSURES:

(a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large:

None of such transactions with related parties are in conflict with the interest of the Company.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock exchange or SEBI or any statutory authority on any matter related to capital market during last three years:

None

(c) Means of communication:

(a) Half-yearly report sent to each household of shareholders	No
(b) Quarterly results	
(i) Which newspapers normally published in	Business Standard Mumbai Lakshadeep English Edition Kalpa Sakshatkar Malayalam
(ii) Any website, where displayed	No
(iii) Whether MD&A is part of Annual Report	Yes
(iv) Whether Shareholder information section forms part of the Annual Report	Yes

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