

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 General Manager (Legal) &
Date : 13th June, 2008 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 Sourashtra, 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 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 continuous basis.

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.**

	Current year	Previous Year
Used	85.69	96.52
Earned	NIL	NIL

Rs. in lacs

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

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:

- 1) Overview of the Company's financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible.
 - 2) Recommending to the Board the appointment re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
 - 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 - 4) Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause 2AA of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transaction.
 - g) Qualifications in the draft audit report.
 - 5) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
 - 6) Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and experience of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - 7) Discussion with internal auditors, on any significant findings and follow up thereon.
 - 8) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - 9) Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - 10) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 - 11) To review the functioning of the Whistle Blower mechanism, in case if the same is existing.
 - 12) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- B) SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE:**
- i) **The Committee comprises the following members of the Board.**
 1. Mr Umesh Shrivastava, Chairman
 2. Mr. J Narayanamurthy, Member *
 3. Ms P Parvathi, Member
 4. Mr D R K Rao, Member **

* Mr J Narayanamurthy resigned from the Committee with effect from 23.08.2007.
**Mr D R K Rao appointed as member with effect from 26.10.2007.
 - ii) **Name of the compliance officer :**
Mr C Srinivasan,
General Manager (Legal) &
Company Secretary
 - iii) **During the year from 1st April, 2007 to 31st March, 2008 the Share Transfer & Investors' Grievance Committee met four times on the following dates:**

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

iv) Attendance of the Directors in the Share Transfer & Investors' Grievance Committee Meetings:

Name of the Director	No.of meetings held	No.of meetings attended
Mr Umesh Shrivastava	4	4
Mr J Narayanamurthy	4	2
Ms P Parvathi	4	4
Mr D R K Rao	4	2

v) Terms of Reference:

The Committee deals with the following:

- ratification of transfer of shares / dematerialisation requests approved by the Managing Director
- split/consolidation of shares

vii) Details of investors letters / complaints received during the year ended 31st March, 2008

Sl No.	Nature of letters/Complaints	Received	Disposed	Pending
1.	Non receipt of Dividend Warrants(s)/ revalidation warrants	13	13	NIL
2.	Non receipt of Share Certificates after transfer/Annual Report/ Securities and others	10	10	NIL

C) REMUNERATION COMMITTEE:

- This Committee comprises of the following Non-Executive and Independent Members of the Board

- Mr. Umesh Shrivastava, Chairman
- Mr. J Narayana Murthy, Member *
- Mr. D R K Rao, Member
- Mr. R S Agarwal **

* 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.

- During the year from 1st April, 2007 to 31st March, 2008 the Remuneration Committee met two times on 12th June, 2007 and 25th July, 2007.

- issue of duplicate share certificates

- non-receipt of declared dividends

- all such complaints directly concerning the shareholders/investors of the Company.

- and such other matters that may be considered necessary in relation to shareholders, and investors of the Company.

vi) Number of complaints pending with the Company:

All the complaints / letters received during the financial year were replied / resolved to the satisfaction of the shareholders and there are NIL complaints pending as on 31st March, 2008.

- Attendance of the Directors in the Remuneration Committee Meetings:

Name of the Director	No.of meetings held	No.of meetings attended
Mr Umesh Shrivastava	2	2
Mr J Narayanamurthy	2	2
Mr D R K Rao	2	1
Mr R S Agarwal	2	-

- Terms of Reference:**

To fix the remuneration payable to Managerial Personnel and such other matters as may be entrusted from time to time.

IV. Non-Executive Directors' compensation and disclosure:

The Non-executive Directors of the Company are paid sitting fees for attending the meetings of the Board / Committees and Commission.

V. Details of remuneration paid to the Directors during the Financial Year from April, 2007 to March, 2008.

The Board comprises of six Directors as on 31st March, 2008 of whom two are executive and four are non-executive Directors.

a) Executive Directors: (Rs. in lacs)

Name of the Director	Salary	Perqui- sites other Benefits	Commi- sion	Total
Mr. M B Raju	18.00	18.02	113.10	149.12
Ms. P Parvathi	16.80	19.42	113.10	149.32

Terms of Contract:

Name of the Director	Date of Appointment	Expiry of the Contract
Mr. M B Raju	01.07.2007	30.06.2012
Ms P Parvathi	01.07.2003	30.06.2008
	01.07.2008	30.06.2013

b) Non Executive Directors:

Name of the Director	Sitting fees paid
Mr. Umesh Shrivastava	10000
Mr. D R K Rao	10000
Mr. P Venugopal Raju	8000
Mr. J Narayanamurthy (IDBI Nominee)	8000
Mr R S Agarwal	6000

Non Executive Directors are also paid commission. The ceiling on the Commission is 1% on the net profits subject to a ceiling of Rs.5 lacs.

The aggregate Commission payable to Non executive Directors for the Financial Year 2007-08 is Rs.5 Lacs which is to be distributed equally amongst the Non Executive Directors.

Disclosure of Shareholdings in the Company:

Sl.	Name of the Director	No. of Shares
1.	Mr Umesh Shrivastava	3580
2.	Mr D R K Rao	170
3.	Mr P Venugopal Raju	200
4.	Mr R S Agarwal	587

VI Code of Conduct:

The Company has evolved a Code of Conduct for the Directors and Senior Management Personnel (one level below the Executive Directors, including Heads of the Department) which has been affirmed for adherence.

VII Subsidiaries :

There are no subsidiaries to the Company.

VIII Related Party Transactions : See below at item XI.

IX Risk Management: The Company has initiated procedure for risk assessment and its mitigation. These procedures are continually evaluated and fine tuned. They are placed before the Board for approval.

X General Body Meetings:

a) Particulars of last three Annual General Meetings:

Financial Year	Date	Time	Place
2004-2005	09.09.2005	10.00 A.M.	Bhaskara Auditorium, Birla Museum, Adarsh Nagar, HYDERABAD - 500 063
2005-2006	27.07.2006	10.00 A.M.	Surana Udyog Auditorium, The Federation, of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Federation House, 11-6-941, Red Hills, Post Box No.14, Hyderabad - 500 004
2006-2007	25.07.2007	10.00 A.M.	Bhaskara Auditorium, Birla Museum, Adarsh Nagar, HYDERABAD - 500 063

All the resolutions as set out in the respective notices were passed by the Shareholders. No special resolutions were required to be put through the postal ballot.

XI. Disclosures:

The pecuniary disclosure with regard to interested Directors.

- a) Disclosures on materially significant related party transactions of the Company of material nature with the promoters, the Directors or the management or relatives etc., that may have potential conflict with the interests of the Company at large:-

None of the transactions with any of related parties was in conflict with the interests of the Company during the financial year 2007-2008.

- 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 Markets during the last three years:-

There were no instances of non compliance of any matter related to Capital Market during the last three years.

- c) The Managing Director and General Manager (Finance) have given certificate to the Board as per Clause 49 of Listing Agreement.
- d) In respect of non mandatory clause the Company has fulfilled the following:
- i) constituted a Remuneration Committee and
 - ii) statutory financial statements are not qualified.

XII. Means of Communication:

- a) Quarterly/Half Yearly Financial Results of the Company are forwarded to the Stock Exchanges and published in news papers in line with listing agreement. Half Yearly report is not sent to shareholders individually as the results the Company are published in the News papers.
- b) The results or official news pertaining to the Company are not displayed on the Website of the Company. They are sent to Electronic Data Information and Retrieval (EDIFAR).
- c) The Company has not made any presentation to any Institutional Investors/ analysts during the year.
- d) Shareholders may send their grievances for redressal to the Company's E mail, given below.

XIII. General Shareholder Information:

- | | | |
|--|---|--|
| a) Annual General Meeting | : | 28th Annual General Meeting |
| Date | : | 2nd September, 2008 |
| Time | : | 10.00 A.M. |
| Venue | : | BHASKARA AUDITORIUM, BIRLA MUSEUM
ADARSH NAGAR, HYDERABAD - 500 063 |
| b) Financial Year | : | 1st April to 31st March |
| c) Date of Book Closure
(Both days inclusive) | : | 26th August, 2008 to 2nd September, 2008 |
| d) Dividend Payment | : | Within 30 days from the date of declaration |
| e) Registered Office | : | DECCAN CEMENTS LIMITED
6-3-666/B, "Deccan Chambers"
Somajiguda, HYDERABAD - 500 082.
Email: secretarial@deccancements.com |
| f) Listing on Stock Exchanges | : | <p>a) The Bombay Stock Exchange Limited
Phiroj Jeejeebhoy Towers, Dalal Street
MUMBAI - 400 001.</p> <p>b) The National Stock Exchange Limited
Exchange Plaza Bandra Kurla Complex
Bandra East, MUMBAI - 400 051</p> |

g) Code : BSE : 502137
NSE : DECCANCE

h) **Market Price Data** : **Bombay Stock Exchange Limited**
National Stock Exchange Limited

Month and Year		High (Rs.)		Low (Rs.)	
		BSE	NSE	BSE	NSE
2007	APRIL	144.70	-*	116.55	-*
	MAY	148.00	-*	132.10	-*
	JUNE	165.85	-*	120.00	-*
	JULY	184.00	-*	153.00	-*
	AUGUST	198.80	204.00	156.00	151.50
	SEPTEMBER	250.00	254.90	194.00	188.00
	OCTOBER	316.60	318.85	220.00	190.10
	NOVEMBER	386.95	369.90	281.00	277.05
2008	DECEMBER	436.00	423.00	332.20	331.10
	JANUARY	464.00	454.95	282.05	283.10
	FEBRUARY	339.95	339.90	279.05	280.00
	MARCH	305.00	312.00	225.00	225.00

*Registered with NSE during August, 2007.

i) **Address of Registrars (both Physical and Demat) and Share Transfer Agents:**

KARVY COMPUTERSHARE PVT LTD.
17-24, Vital Road Nagar
Madhapur, Hyderabad - 500 081.

j) **Share Transfer System:**

Transfer of Securities in physical form are registered and dispatched within thirty (30) days of receipt, provided the transfer documents are in order. The Managing Director has been delegated powers to approve transfers.

k) **Distribution of Shareholding as on 31st March, 2008.**

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
0001 - 5000	4374	88.66	605263	8.64
5001 - 10000	284	5.76	228283	3.26
10001 - 20000	120	2.43	185250	2.65
20001 - 30000	53	1.07	134868	1.93
30001 - 40000	14	0.28	48410	0.69
40001 - 50000	24	0.49	113434	1.61
50001 - 100000	18	0.36	130274	1.86
100001 and above	47	0.95	5557968	79.36
		100.00	7003750	100.00

- l) Outstanding GDR's/ADR's/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any of the above instruments and therefore the impact on equity does not arise.

- m) **Dematerialisation of Shares:**

As of 31st March, 2008- 3455499 shares were dematerialised with following depositories.

- | | |
|---|----------------|
| a) National Securities Depositories Limited | 2707556 shares |
| b) Central Depository Services Limited | 747943 shares |

Demat ISIN No. INE538C01013

- n) **LOCATIONS OF COMPANY'S PLANTS:**

- | | | |
|--|---|--|
| i) Cement Plant
Bhavanipuram
Mahankaligudem-508 218
Nalgonda Dist., A.P. | ii) Slag Plant
Bhavanipuram
Mahankaligudem - 508 218
Nalgonda Dist., A.P. | iii) Hydel Power Plant
GBC-1, Head Regulator
Nekarikallu Adda Road
Narsaraopet - 522 601
Guntur Dist., A.P. |
| iv) Wind Farm
1) Polepalli Village
Ramagiri Mandal
Ananthpur Dist., A.P.
Andhra Pradesh | 2) Navaneethakrishnapuram
Surandai Taluk
Tirunulveli Dist.,
Tamil Nadu. | 3) Udayathoor Villge,
Radhapuram Taluk,
Tirunulveli Dist.,
Tamilnadu |

- o) **Address for correspondence:**

Shareholders can correspond at the Registered Office of the Company situated at 6-3-666/B, "Deccan Chambers", Somajiguda, Hyderabad - 500 082.

- Persons to contact**
- | | |
|-------------------------|--|
| i) Mr. C Srinivasan | : General Manager (Legal) & Company Secretary. |
| ii) Mr. K A Padmanabham | : Manager (Secretarial & Legal) |

Declaration on code of Conduct

This is to confirm that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2008 as envisaged in clause 49 of the listing agreement with Stock Exchanges.

Place: Hyderabad
Date : 13th June, 2008

M.B. Raju
Executive Chairman

AUDITORS' CERTIFICATE

**To the Members of
Deccan Cements Limited**

We have examined the compliance of conditions of corporate governance by Deccan Cements Limited for the year ended 31st March, 2008 as stipulated in Clause 49 of the listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination, has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on our reliance upon the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M BHASKARA RAO & CO.,**
Chartered Accountants

V. Raghunandan

Place: Hyderabad Partner
Date : 13th June, 2008 Membership No. 26255

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

We submit here Management Discussion and Analysis Report on the Business of the Company as applicable and to the extent relevant.

1. INDUSTRY STRUCTURE AND DEVELOPMENT

India is the second major producer of cement in the world. The Government of India and State Governments have been taking various steps to promote industrial growth by way of attracting foreign investments, encouraging public-private partnership in the creation of Special Economic Zones, implementing various housing and infrastructural projects like housing schemes, major irrigations projects, national and state highways, Air ports and Ports etc. This has boosted demand for Cement and has given impetus for the growth of cement industry. Cement production in the Country during 2007-08 was 168 million tonnes with almost the same quantity dispatched as compared to 156 million tonnes of production and despatches in the previous year, thus registering a growth of 8.12% over the previous year.

2. OPPORTUNITIES AND THREATS:

The Cement industry is poised to add 111 million tonnes annual capacity by end of 2009-2010 after the new projects under various stages of implementation are completed. Based on an expected production and consumption growth of 9 to 10%, the demand and supply are expected to grow in tandem from 2008-2009 onwards, resulting in price remaining at more or less at current levels. The company plans to further entrench in the rural markets as part of its marketing strategy. Threats are, however, possible by way of grid power stoppages/fluctuations/long power cuts and fuel prices, which have been showing upward trend amidst tight supply. However, with the power generation at its command through hydel, wind power and the new 18 mw Power Plant being commissioned, your company is confident of facing the above threats in power supply.

The cost of major inputs namely, limestone, coal and power are controlled by the Government. Freight constitutes major element in cement cost. Any increase in the prices of the above will have a bearing on the cost of production.

3. SEGMENT WISE PRODUCTIVE PERFORMANCE:

Segment wise, there has been marginal decrease in the hydel generation of power at 238.64 lakh units compared to the previous year (252 lakh units). Operating profit, however, has been higher at Rs.578 lakhs compared to Rs.478 lakhs in the previous year. The cement division posted higher profits of Rs.2,708 lakhs compared to Rs.1,467 lakhs in the previous year. The Slag Cement division also registered higher profits of Rs.3,742 lakhs compared to the previous year's profit of Rs.2,265 lakhs.

4. OUTLOOK:

Based on the projected domestic demand, the outlook of the cement industry appears to be stable in the medium to long term. The thrust given by the Central and State Governments for developing infrastructure and encouraging housing projects augurs well for the industry.

5. RISKS AND CONCERNS:

Various risks generally associated with the business, namely, coal price and its availability, grid power fluctuations and trippings, possibility of dumping of cement in selective markets by units which have recently augmented their production capacities, can have impact on the cement prices. However, your company is confident of tackling any such difficult scenarios to minimize the adverse impact on the company's performance.

6. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

The Company has put in place an internal control system. Also, an external agency of Chartered Accountants has been appointed as Internal Auditors to independently audit the company's accounts and operations. The Internal Auditors submit reports to the Audit Committee for its review and suggest remedial actions where required.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATION PERFORMANCE:

The financial performance with respect to the operation of the Company is discussed below:

The net sales were at Rs.209.22 crore against Rs.171.69 crore in the previous year registering an increase of 22% over previous year.

The Profit before tax of the Company was Rs.73.12 crore as compared to Rs.43.05 crore in the previous year registering an increase of 70% over previous year . The net profit after taxes and other adjustments for the year was Rs.47.97 crore against Rs.28.42 crore (increase of 69%) in the previous year.

There has been no change in paid-up share capital during the Financial Year 2007-2008 which stands at Rs.700.38 lacs

8. MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS INCLUDING NUMBER OF PEOPLE:

The Company believes that human resources are an invaluable asset. The Company has cordial relationship with its employees and staff. Staff strength at various levels/categories is being augmented to meet the increased workload arising out of the present expansion.

9. CAUTIONARY STATEMENT:

Statements in the "Management Discussion & Analysis" which seek to describe the Company's objective, projections, estimates, expectations or predictions may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include Indian demand-supply conditions, increase in installed capacity, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, economic developments within India besides other factors, such as litigations and labour negotiations.

Auditors' Report

To
The Members of
DECCAN CEMENTS LIMITED

We have audited the attached Balance sheet of Deccan Cements Limited as at March 31, 2008 the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by

this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of Companies Act, 1956;
- e) On the basis of written representations received from the Directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2008 from being appointed as Directors in terms of Clause (g) of Sub-section (I) of Section 274 of the companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) In case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **M. Bhaskara Rao & Co.,**
Chartered Accountants

V. Raghunandan

Partner

Place : Hyderabad

Date : 13th June, 2008

Membership No. 26255

**ANNEXURE TO THE AUDITORS' REPORT
(STATEMENT REFERRED TO IN PARAGRAPH
(1) OF OUR REPORT OF EVEN DATE)**

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) These fixed assets were physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification.
- (c) Substantial part of fixed assets have not been disposed off during the year, which will affect its status as going concern.
- ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the inventory records, the company is maintaining proper records. The discrepancies noticed on physical verification of inventory as compared to book records were not material in relation to the operations of the company and the same have been properly dealt with in the books of account.
- iii) The company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clauses (a) to (g) of Clause (iii) of this order are not applicable to the Company for the current year.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business, with regard to the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion and according to the information and explanation given to us, there has been no continuing failure to correct major weaknesses in internal control system during the year.
- v. In our opinion and according to the information and explanations given to us and based on the representations by the management, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956. Accordingly clause (v) (b) of this order is not applicable to the Company for the current year.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vii. The Internal Audit of the Company has been conducted by a Firm of Chartered Accountants. The scope and coverage of Internal Audit is commensurate with the size of the Company and nature of its business.
- viii. In our opinion and as per the information and explanations given to us, the company is maintaining cost records specified by the Central Government under Section 209(1)(d) of the Companies Act, 1956. The contents of these accounts and records have not been examined by us.
- ix. (a) According to the information and explanations given to us and according to the books and records as produced and

examined by us, in our opinion, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues as applicable, have been regularly deposited during the year with the appropriate authorities in India. There are no arrears of Statutory dues as at

March 31, 2008 which are outstanding for a period more than 6 months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues on account of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess as at March 31, 2008 which have not been deposited on account of dispute except the following:

Name of the Statute	Nature of Dues	Assessment year to which the amount relates	Rs.in lacs.	Forum where dispute is pending
Income Tax Act 1961	Disallowance of debenture issue expenses and bad debts	1997-98	6.46	Income Tax Appellate Tribunal, Hyderabad
Andhra Pradesh General Sales Tax Act	Regarding sales tax on packing materials	1993-94	11.52	High Court of Andhra Pradesh
Andhra Pradesh General Sales Tax Act	Regarding sales tax on transfer of clinker from cement division to slag division	2001-02 2005-06	9.30 306.14	High Court of Andhra Pradesh Sales Tax Tribunal, Hyderabad

- x. The Company has no accumulated losses as on March 31, 2008. Further it has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.
- xi. Based on our Audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a Chit fund/Nidhi/Mutual Benefit Fund/Society and hence commenting under this clause does not arise.
- xiv. In our opinion and according to information and explanations given to us, the company does not deal or trade in shares, securities, debentures and other investments. All long-term investments are held by the company in its own name.
- xv. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for the loans taken by others from bank or financial institutions.

- xvi. The Company has obtained term loans during the Financial year. The term loans obtained have been applied for the purpose for which they were obtained.
- xvii. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, which have been used for long-term investments by the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. The Company has not issued any debentures during the year and hence commenting under this clause does not arise.
- xx. The Company has not raised any money by public issue during the year and hence commenting under this clause does not arise.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **M. Bhaskara Rao & Co.,**
Chartered Accountants

V. Raghunandan

Partner

Place : Hyderabad

Date : 13th June, 2008

Membership No. 26255

Balance Sheet as at 31st March,2008

	Schedule	As at 31st March,2008		As at 31st March,2007	
		Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	I	700.38		700.38	
Reserves and Surplus	II	13227.86		8677.09	
			13928.24		9377.47
LOAN FUNDS					
Secured Loans	III	14365.84		1047.47	
Unsecured Loans	IV	1858.00		1591.34	
			16223.84		2638.81
Deferred Tax Liability			1772.08		1549.76
TOTAL			31924.16		13566.04
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	V	13670.89		12716.33	
Less : Depreciation		6108.11		5534.36	
Net Block		7562.78		7181.97	
Capital work-in-progress	VI	19755.18		512.07	
			27317.96		7694.04
			5.90		1030.90
INVESTMENTS					
CURRENT ASSETS, LOANS & ADVANCES					
A. CURRENT ASSETS					
Inventories		937.60		557.98	
Banked Energy		36.41		42.71	
Sundry Debtors		99.66		145.17	
Cash and Bank Balances		3858.43		4325.72	
B. Loans and Advances					
		5408.37		2493.26	
		10340.47		7564.84	
LESS:CURRENT LIABILITIES & PROVISIONS					
A. Liabilities					
		1967.72		1146.34	
B. Provisions					
		3817.84		1625.92	
		5785.56		2772.26	
Net Current Assets			4554.91		4792.58
MISCELLANEOUS EXPENDITURE	X		45.39		48.52
(To the extent not written off or adjusted)					
Significant Accounting Policies & Notes to the Accounts	XV				
TOTAL			31924.16		13566.04

As per our Report attached
For **M. Bhaskara Rao & Co.,**
Chartered Accountants

V. Raghunandan
Partner
Membership No. 26255

Place : Hyderabad
Date : 13th June, 2008

For and on behalf of the Board

M.B. Raju
Executive Chairman

C. Srinivasan
General Manager (Legal) &
Company Secretary

P. Parvathi
Managing Director

Profit and Loss Account for the Year ended 31st March, 2008

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
INCOME				
Sales	XI 27557.55		23122.39	
Less : Excise Duty & VAT	<u>6636.05</u>	20921.50	<u>5953.14</u>	17169.25
Dividend on Investments		4.57		58.12
Profit on Sale of Fixed Assets		1.73		0.65
Other Income	XII	297.31		134.70
		<u>21225.11</u>		<u>17362.72</u>
EXPENDITURE				
Manufacturing, Administration, Selling and Other Expenses	XIII	13421.95		12466.42
Interest & Finance Charges		56.99		77.76
Stock Variation	XIV	(147.05)		(33.32)
Depreciation	V	580.62		546.53
		<u>13912.51</u>		<u>13057.39</u>
Profit for the year		7312.60		4305.33
Prior year's adjustments (Net)		(0.70)		0.96
Profit before Tax		7311.90		4306.29
Provision for Taxation				
Current		2271.35		1213.96
Deferred		222.32		222.76
FBT		12.29		10.37
Prior Year Taxation		9.35		16.71
Profit after Tax		4796.59		2842.49
Profit brought forward from previous year		4357.43		2045.58
Amount available for appropriation		<u>9154.02</u>		<u>4888.07</u>
APPROPRIATIONS				
Transfer to General Reserve		479.65		284.82
Provision for Dividend		210.11		210.11
Corporate Dividend Tax		35.71		35.71
		<u>245.82</u>		<u>245.82</u>
Balance carried to Balance Sheet Significant Accounting Policies & Notes to the Accounts	XV	8428.55		4357.43
		<u>9154.02</u>		<u>4888.07</u>
Additional Information:				
Basic and Diluted EPS (Equity Shares of face value of Rs. 10/- each) Earnings considered is Net Profit after Tax Rs.4796.59 lacs (Previous Year Rs.2842.49 lacs) and Number of shares considered is 70.04 lacs (Previous Year 70.04 lacs) for Basic and Diluted EPS. (as per Accounting Standard - 20.)		68.49		40.59

As per our Report attached to the Balance Sheet
For **M. Bhaskara Rao & Co.,**
Chartered Accountants

V. Raghunandan
Partner
Membership No. 26255

Place : Hyderabad
Date : 13th June, 2008

For and on behalf of the Board

M.B. Raju
Executive Chairman

C. Srinivasan
General Manager (Legal) &
Company Secretary

P. Parvathi
Managing Director

Cash Flow Statement for the Year Ended 31.03.2008

	Year Ended 31st March 2008		Year Ended 31st March 2007	
	Rs.in Lacs	Rs.in Lacs	Rs.in Lacs	Rs.in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) Before Tax and Prior period items	7312.60		4305.33	
Adjustments for :				
Depreciation	580.62		546.53	
Miscellaneous Expenses Written Off	3.13		3.13	
Interest and Finance charges	56.99		77.76	
Dividends Received	(4.57)		(58.12)	
Interest Income	(160.41)		(67.38)	
Profit on Sale of Fixed Assets	(1.73)		(0.65)	
Profit on Sale of Investments	(66.11)		-	
Operating Profit Before Working Capital Changes	7720.52		4806.60	
Changes in Working Capital				
(Increase)/Decrease in Inventories	(379.62)		(36.37)	
(Increase)/Decrease in Banked Energy	6.30		(6.22)	
(Increase)/Decrease in Sundry Debtors	45.51		129.47	
(Increase)/Decrease in Loans and Advances	(764.97)		502.52	
Increase/(Decrease) in Current Liabilities	853.82		366.50	
Cash Generated from Operations	7481.56		5762.50	
Direct Taxes Paid	(2283.65)		(1307.00)	
Cash Flow before Prior period Items	5197.91		4455.50	
Prior Year Income/(Expenditure)	(0.70)		0.96	
Net Cash Flow from Operating Activity		5197.21		4456.46
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Inflow/(Outflow)				
Dividends received	4.57		58.12	
Interest received	160.41		67.38	
Purchase of Fixed Assets	(962.78)		(1185.37)	
(Increase)/Decrease in Capital Work in Progress	(19243.11)		(481.68)	
Purchase of Investments	-		(874.58)	
Sale of Investments	1091.11		301.85	
Sale of Fixed Assets	3.08		6.59	
Net Cash Flow from Investing Activities		(18946.72)		(2107.69)
carried forward		(13749.51)		2348.77

Cash Flow Statement for the Year Ended 31.03.2008 (Contd.)

	Year Ended		Year Ended	
	31st March 2008		31st March 2007	
	Rs.in Lacs	Rs.in Lacs	Rs.in Lacs	Rs.in Lacs
brought forward		(13749.51)		2348.77
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Inflow/(Outflow)				
Dividend Paid (Including Dividend Tax)		(245.82)		(199.65)
Proceeds from Long Term Borrowings		266.66		450.21
Repayment of Long Term Borrowings		(28.75)		(654.94)
Long Term Loan Borrowings		13120.66		-
Interest Paid		(56.99)		(77.76)
Increase/(Decrease) in Interest Accrued on		-		0.40
Increase / (Decrease) in Cash Credit utilisation		226.46		1018.71
Net Cash Flow from Financing Activities		<u>13282.22</u>		<u>536.97</u>
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS :				
Cash and Cash Equivalents as at the commencement of the year		(467.29)		2885.74
Cash and Cash Equivalents as at the close of the year		4325.72		1439.98
(includes Funds not available for use - Margin Money Rs.324.80 lacs, Unclaimed Dividend Rs. 16.34 lacs)		<u>3858.43</u>		<u>4325.72</u>

Note : Previous year's figures have been regrouped wherever necessary to conform with current year's classification.

As per our Report attached
For **M Bhaskara Rao & Co.,**
Chartered Accountants

V. Raghunandan
Partner
Membership No. 26255

Place : Hyderabad
Date : 13th June, 2008

For and on behalf of the Board

M.B. Raju
Executive Chairman

C. Srinivasan
General Manager (Legal) &
Company Secretary

P. Parvathi
Managing Director

Schedule I: Share Capital

	As at 31st March, 2008		As at 31st March, 2007	
	Rs.in lacs		Rs.in lacs	
Authorised Capital	1000.00		1000.00	
1,00,00,000 Equity Shares of Rs.10/- each				
Issued and Subscribed	700.38		700.38	
70,03,750 Equity Shares of Rs.10/-each - fully paid				
<p>(Of the above shares 35,01,875 equity shares of Rs.10/- each were allotted on 2.1.1995 for a consideration other than cash as fully paid up bonus shares by capitalisation of Securities Premium/General Reserve.)</p>				

Schedule II: Reserves and Surplus

	As at 31st March, 2008		As at 31st March, 2007	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Capital Reserve				
as per last Balance Sheet		40.24		40.23
Power Subsidy				
as per last Balance Sheet		99.28		99.28
Securities Premium Account				
as per last Balance Sheet		1250.14		1250.14
General Reserve				
as per last Balance Sheet	2930.00		2645.18	
Add : Transfer from Profit and Loss Account	479.65		284.82	
		3409.65		2930.00
Profit and Loss Account				
Balance as per Annexed Account		8428.55		4357.43
TOTAL		13227.86		8677.08

Schedule III: Secured Loans

	As at 31st March, 2008		As at 31st March, 2007	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Term Loans from				
Industrial Development Bank of India (instalment due within one year Rs.Nil lacs previous year Rs.28.75 lacs)	-		28.75	
State Bank of India (instalment due within one year Rs.Nil lacs previous year Rs.Nil lacs)	4,145.12		-	
Andhra Bank (instalment due within one year Rs.Nil lacs previous year Rs Nil lacs)	2,996.46		-	
State Bank of Hyderabad (instalments due within one year Rs.Nil lacs previous year Rs.Nil lacs)	1884.73		-	
State Bank of Mysore (instalments due within one year Rs.Nil lacs previous year Rs.Nil lacs)	1399.41		-	
State Bank of Sourashtra (instalments due within one year Rs.Nil lacs previous year Rs.Nil lacs)	758.51		-	
Indian Bank (instalments due within one year Rs.Nil lacs previous year Rs.Nil lacs)	1936.43	13120.66	-	28.75
Cash Credit from:				
State Bank of India	759.17		677.43	
Andhra Bank	486.01	1245.18	341.29	1018.72
TOTAL		14365.84		1047.47

Schedule IV: Unsecured Loans

	As at 31st March, 2008		As at 31st March, 2007	
		Rs.in lacs		Rs.in lacs
Sales Tax Deferral Loan		1745.83		1488.16
Fixed Deposits (due within one year Rs. 15.23 lacs previous year Rs. 56.87 lacs) (includes Accrued Interest Rs. 0.44 Lacs Previous Year Rs. 0.40 Lacs)		112.17		103.18
TOTAL		1858.00		1591.34



Schedule V: Fixed Assets

Rs.in lacs

Description	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK		
	As at 31st March 2007	Additions During the year	Deductions/ Adjustments during the year	As at 31st March 2008	Upto 31st March 2007	For the year	Deductions/ adjustments during the year	Upto 31st March 2008	As at 31st March 2008	As at 31st March 2007	
Freehold Land	46.08	18.00	-	64.08	-	-	-	-	64.08	46.08	
Buildings	1679.31	2.49	-	1681.80	453.66	46.38	-	500.04	1181.76	1225.65	
Plant & Machinery	10704.61	923.88	-	11628.49*	4,900.24	504.75	-	5,404.99	6223.50	5804.37	
Other Equipment	12.05	-	-	12.05	9.30	0.37	-	9.67	2.38	2.75	
Furniture & Fixtures	59.48	1.34	-	60.82	47.96	2.11	-	50.07	10.75	11.52	
Office Equipment	107.41	3.80	-	111.21	73.31	9.89	-	83.20	28.01	34.10	
Vehicles	107.39	13.27	8.22	112.44	49.89	17.12	6.87	60.14	52.30	57.50	
TOTAL	12716.33	962.78	8.22	13670.89	5534.36	580.62	6.87	6108.11	7562.78	7181.97	
Total of Previous Year	11540.02	1185.35	9.04	12716.33	4990.95	546.53	3.12	5534.36	7181.97	6549.07	

(*) Includes Cost of 33 KV line at Wind Farm, Hydrel Power Plant, Cement Division and Slag division aggregating to Rs.128.04 lacs ownership of which vest with APTRANSCO

Schedule VI: Capital Work-in-Progress

	As at 31st March, 2008		As at 31st March, 2007	
	Rs.in lacs		Rs.in lacs	
Works in progress - Civil & Others	7467.95		1.04	
Advances	12287.23		511.03	
TOTAL	19755.18		512.07	

Schedule VII: Investments

	As at 31st March, 2008		As at 31st March, 2007	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Non-Trade (at cost)				
a) Quoted - Fully Paid				
Industrial Development Finance Corporation Ltd (884 Equity Shares of Rs. 10/- each)	0.30		0.30	
Biocon Ltd 150 Equity Shares of Rs.5/- each	0.47		0.47	
Tata Consultancy Services Ltd 110 Equity Shares of Rs.1/- each	0.47		0.47	
National Thermal Power Corporation Ltd 2095 Equity Shares of Rs.10/- each	1.30		1.30	
Reliance Petroleum Limited 434 Equity Shares of Rs.10/- each (Previous Year Nil)	0.26	2.80	0.26	2.80
b) Un Quoted - Fully paid				
DCFEMAC Co -operative Stores Limited (Previously known as DCL Employees co operative Stores Ltd) 232 Equity Shares of Rs.10/- each	0.10		0.10	
Industrial Development Bank of India Regular Income Bonds 60 Bonds @ 5000/- each	3.00		3.00	
SBI Mutual Fund (PY 2026685.42 units of Rs.10 each)	-		200.00	
Standard Chartered Mutual Fund (PY 777768.391 units of Rs.10/- each)	-		100.00	
JM Financial Mutual Fund (PY 2570044.509 Units of of Rs.10/- each)	-		250.00	
UTI Mutual Fund (PY 3500000 Units of Rs.10/- each)	-		350.00	
Reliance Mutual Fund (1516884.065 Units of Rs.10 each)	-	3.10	125.00	1028.10
TOTAL		5.90		1030.90
(Aggregate Market value of quoted investments)		7.28		6.27

All investments have been classified by the Company as Long Term Investments, as the same are meant to be held for a long time.

Schedule VIII: Current Assets, Loans and Advances

	As at 31st March, 2008			As at 31st March, 2007		
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
A. Current Assets						
a) Inventories						
Finished Goods		85.29			71.10	
Work-in-Process		193.86			61.00	
Raw Materials		150.35			100.95	
Packing Materials		62.97			52.63	
Other Materials		151.20			64.94	
Stores and Spares		293.93			207.36	
			937.60			557.98
b) Banked Energy			36.41			42.71
c) Sundry Debtors - Unsecured						
Debts outstanding for a period exceeding six months - considered Good:		16.31			20.22	
considered bad and doubtful	7.88			3.72		
Less:Written off during the year	7.88			0.12		
	-			3.60		
Less:Provision for doubtful debts	-			3.60		
			16.31		20.22	
Other debts - considered good		83.35			124.95	
			99.66			145.17
d) Cash and Bank balances						
Cash on hand		4.63			2.10	
Balances with Scheduled Banks:						
- In Current Accounts	2644.22			1782.10		
- In Deposit Accounts	1209.58			2541.52		
(including margin money deposit of Rs. 324.80 lacs (PY Rs.8.52 Lacs)		3853.80			4323.62	
			3858.43			4325.72
			4932.10			5071.58

Schedule VIII: Current Assets, Loans and Advances (Contd...)

	As at 31st March, 2008			As at 31st March, 2007		
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
B. Loans and Advances-Unsecured Considered Good :						
a) Advances recoverable in cash or in kind or for value to be received						
Advances for purchase of Raw Materials and Coal		707.96			547.86	
Advances for purchase of Stores and Spare parts		139.20			39.12	
Advances to Employees		8.68			4.56	
Other Advances		661.90			157.91	
Prepaid Expenses		17.96			17.54	
Tax deducted at source		61.14			27.00	
Advance Income Tax		3619.44			1503.44	
Deposits						
- Central Excise	17.28			3.04		
- Others	162.61			147.17		
		179.89			150.21	
		5396.17			2447.64	
b) Interest accrued		12.20			45.62	
		5408.37			2493.26	
TOTAL		10340.47			7564.84	

Schedule IX: Current Liabilities and Provisions

	As at 31st March, 2008			As at 31st March, 2007		
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
A. Current Liabilities						
Sundry Creditors :						
Micro, Small and Medium Enterprises	-			-		
(Includes on Capital a/c NIL (Previous Year Nil)						
Others (includes on Capital A/c Rs.15.17 lacs, previous Year Rs.36.09 lacs)	526.67			368.05		
		526.67			368.05	
Expenses		934.85			371.04	
Advances/Deposits from Stockists and Others		464.21			352.31	
Unclaimed Dividend		16.34			13.71	
Other liabilities		14.15			25.11	
Int. Accrued & Due on Fixed Deposits		11.50			16.12	
			1967.72			1146.34
B. Provisions						
For Taxation		3487.98			1328.50	
For Proposed Dividend		210.11			210.11	
For Dividend Tax		35.71			35.71	
For Leave Encashment		31.84			13.76	
For Gratuity		52.20			37.84	
			3817.84			1625.92
TOTAL			5785.56			2772.26

Schedule X: Miscellaneous Expenditure (to the extent not written off or adjusted)

	As at 31st March, 2008		As at 31st March, 2007	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Compensatory Land for afforestation As per last Balance Sheet	22.53		24.22	
Less: Written off during the year	1.69		1.69	
		20.84		22.53
Free Hold Land for Mining	25.99		27.43	
Less: Written off during the year	1.44		1.44	
		24.55		25.99
TOTAL		45.39		48.52

Schedule XI: Sales

	Year ended 31st March, 2008	Year ended 31st March, 2007
	Rs.in lacs	Rs.in lacs
Cement Sales	23444.90	19336.49
Internal Consumption - Cement	242.29	1.74
Internal Consumption - Clinker	2902.54	3027.53
Income from Power Generation (Net of wheeling and banking charges)	967.82	756.63
TOTAL	27557.55	23122.39

Schedule XII: Other Income

	Year ended 31st March, 2008	Year ended 31st March, 2007
	Rs.in lacs	Rs.in lacs
Scrap Sales	54.70	50.51
Interest - Bank deposits (TDS Rs.31.07 lacs, Previous year Rs.10.77 lacs)	104.80	47.98
Other Interest (TDS Rs.1.51 lacs, Previous year Rs.1.74 lacs)	55.61	19.40
Rent (TDS Rs.1.95 lacs, Previous year Rs. 1.81 Lacs)	8.85	8.40
Profit on Sale of Investments	66.11	-
Miscellaneous Income	7.24	8.41
TOTAL	297.31	134.70

Schedule XIII: Manufacturing, Administration, Selling and Other expenses

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Consumption of Raw Materials				
Consumption of Raw Materials (Includes Royalty and other levies of Rs. 333.60 lacs, previous year Rs.340.80 lacs)		4087.69		3732.19
Consumption of Stores and Spares		578.45		566.09
Power and Fuel				
Power	1863.10		1765.06	
Coal	2279.19		1954.90	
Diesel	48.01		33.37	
		4190.30		3753.33
Salaries, Wages and Benefits				
Salaries, Wages and Bonus	705.54		444.21	
Contribution to Provident and Other funds	70.83		48.20	
Workmen and Staff Welfare Expenses	65.60		73.66	
		841.97		566.07
Repairs and Maintenance				
Buildings	10.64		17.25	
Plant and Machinery	191.58		145.25	
Vehicles	15.85		14.39	
Others	55.02		35.97	
		273.09		212.86
Carried forward		9971.50		8830.54

Schedule XIII: Manufacturing, Administration, Selling and Other expenses (Contd..)

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Brought forward		9971.50		8830.54
Administration Expenses				
Travelling and Conveyance	58.52		42.53	
Directors' Travelling and Conveyance	10.20		7.70	
Directors' Foreign Travel	2.59		-	
Directors' sitting fees	0.42		0.39	
Printing and Stationery	12.03		19.13	
Communication Expenses	17.83		14.67	
Legal and Professional charges	59.53		37.47	
Insurance	32.29		28.36	
Auditors' Remuneration	4.60		4.45	
Staff Recruitment and Training	3.44		3.80	
Rent	14.04		7.27	
Rates and Taxes	31.73		18.75	
Donations	2.55		1.92	
Sundry Expenses	138.77		131.33	
		388.54		317.77
Selling Expenses				
Consumption of Packing Materials	741.24		744.68	
Advertisement and Publicity	140.92		36.03	
Freight, Packing and Forwarding charges	2062.11		2431.69	
Testing and Marking fees	4.10		11.75	
Commission on Sales	56.63		49.24	
Other Selling expenses	45.90		37.87	
		3050.90		3311.26
Miscellaneous Expenditure Written Off		3.13		3.13
Provision for doubtful debts		-		3.60
Bad Debts Written Off	11.48		0.12	
Less: Transfer from Provisions	3.60		-	
		7.88		0.12
TOTAL		13421.95		12466.42

Schedule XIV: Stock Variation

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Rs.in lacs	Rs.in lacs	Rs.in lacs	Rs.in lacs
Work-in-Process				
Opening Stock	61.00		22.56	
Closing Stock	193.86		61.00	
		(132.86)		(38.44)
Finished Goods				
Opening Stock	71.10		76.22	
Closing Stock	85.29		71.10	
		(14.19)		5.12
		(147.05)		(33.32)

Schedule XV: Notes to the Accounts

1. Significant Accounting Policies:

- a) System of Accounting:
 - i) Financial Statements are based on historical cost.
 - ii) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.
 - iii) Investment subsidy not specifically related to any fixed asset is credited to a specific reserve upon receipt and retained till the requisite conditions are fulfilled. On fulfillment of such conditions, the same is transferred to Capital Reserve.
- b) **Fixed Assets:**
 - i) All Fixed Assets are stated at their original cost of acquisition / installation less depreciation.
 - ii) Capital Work-in-progress is stated at amount expended up to the date of the Balance Sheet.
 - iii) All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication the impairment loss, being the excess carrying value over the recoverable value of the assets, are charged to the profit & loss account in the respective financial years. The impairment loss recognized in the prior years is reversed in cases where the recoverable value exceeds the carrying value, upon the reassessment in the subsequent years.
- c) **Expenditure during construction period:**
Expenditure during construction period is grouped under "Capital work in progress". Upon commencement of commercial production, the expenditure is allocated to buildings and plant and machinery in the ratio of their direct cost.
- d) **Depreciation:**
Depreciation on Fixed Assets is provided in accordance with Schedule XIV of the Companies Act, 1956, on Straight Line Method in respect of Buildings, Plant and Machinery, and on Written Down Value Method in respect of other Fixed Assets.
- e) **Miscellaneous Expenditure:**
Cost of compensatory land transferred to Government of Andhra Pradesh in lieu of forest land diverted for mining, is amortized over the tenure of the Mining lease.
- f) **Inventory Valuation**
 - i) Raw Materials, Coal, Stores & Spares, and Packing Materials: At Weighted average Cost
 - ii) Materials in Transit: At Cost
 - iii) Work in process : At Weighted Average cost or Net Realisable Value, which ever is lower.
 - iv) Finished goods : At Weighted Average cost or Net Realisable Value, which ever is lower.
Cost comprises of cost of purchase, cost of conversion & other costs incurred in bringing the inventories to the present location & condition.
- g) **Power Rebate:**
The Power rebate granted by the Andhra Pradesh State Electricity Board pursuant to GO issued by the Department of Industries and Commerce is treated as a Capital Receipt.
- h) **Investments:**
Investments are stated at cost of acquisition. Diminution in the value of investments other than temporary meant to be held for a long period of time is recognized.

Schedule XV: Notes to the Accounts (Contd...)
i) Internal Consumption:

Internal consumption of the Company's products, which are otherwise marketable, is accounted for at transfer price and is included under sales.

j) Transfer price for Inter divisional transfer/consumption:

i) **Clinker** : Supply of Clinker to Slag Division is taken at cost plus statutory levies as applicable.

ii) **Cement** : Internal consumption is taken at cost plus statutory levies as applicable.

iii) **Power** : At cost of purchase from APCPDCL by the division consuming such power

k) Retirement Benefits:

Provident Fund is administered both through Regional Provident Fund Commissioner and also approved Trust. The Superannuation and Gratuity Funds are administered through the scheme of Life Insurance Corporation of India. The contributions to the above said funds are charged against revenue. Provision for leave encashment is made on the basis of actuarial valuation.

l) Borrowing Costs:

Borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs incurred for acquiring and construction of assets are capitalised as part of the cost of such assets.

m) Taxation: Provision for income tax is made for both current and deferred taxes. Provision for current Income tax is made at current tax rates based on assessable income. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

n). Contingent Liabilities: Contingent liabilities arising from claims, litigation, assessment, fines, penalties etc are provided for when it is probable that a liability may be incurred and the amount can be reliably estimated.

2. Contingent Liabilities not provided for:

	Rs. in Lacs	
	Current Year	Previous Year
a) Claims Against the company not acknowledged as Debts: Non-agriculture assessment Tax under NALA Act. 1963 pending at MRO office Ramgiri for the year 1998-99	4.83	4.83
b) Other monies for which the company is contingently Liable:	5500.63	84.98
i) Counter Guarantee		
ii) Claims for non supply of cement by company's agent for the year 1995-96 Pending in High Court of Andhra Pradesh	5.52	5.52
iii) Claims for difference in prices for the year 1994 - 95 filed by Metropolitan Transport Project, Chennai, matter pending with High Court of Chennai	6.83	6.83

Schedule XV: Notes to the Accounts (Contd...)
c) Income Tax:

i)	For the Asst. year 1994-95 towards disallowances of debenture issue expenses and exemption u/s 80M of the Income Tax Act, 1961. Matter pending in appeal before the Income Tax Appellate Tribunal, Hyderabad	-	2.98
ii)	For the Asst Year 97-98 towards disallowances of debenture issue expenses and bad debts. Matter pending in appeal before the Income Tax Appellate Tribunal, Hyderabad	6.46	6.46
iii)	For the Asst Year 2004-05 towards disallowance of ICD written off, taxes paid under protest. Matter pending in Appeal before the Commissioner of Income Tax (appeals)	-	69.11

d) Sales Tax:

i)	Regarding sales tax on packing materials in respect of Asst Year 1993-94 for which the company filed writ petition in the High Court of Andhra Pradesh and obtained stay on payment of 50% of the disputed demand	11.52	11.52						
ii)	Regarding sales tax on transfer of clinker from cement division to slag division The matter is pending in appeal before the Sales Tax Tribunal and stay has been obtained on payment of 50% of the disputed demand.								
	<table border="0"> <tr> <td style="text-align: center;"><u>Assessment Year</u></td> <td style="text-align: center;"><u>Rs in lacs</u></td> </tr> <tr> <td>2001 - 02</td> <td>Rs. 9.30</td> </tr> <tr> <td>2005 - 06</td> <td>Rs. 306.14</td> </tr> </table>	<u>Assessment Year</u>	<u>Rs in lacs</u>	2001 - 02	Rs. 9.30	2005 - 06	Rs. 306.14	315.44	643.24
<u>Assessment Year</u>	<u>Rs in lacs</u>								
2001 - 02	Rs. 9.30								
2005 - 06	Rs. 306.14								

The Sales Tax Assessments for the years 2002-03, 2003-04 and 2004-05 have been completed and suitable adjustments made in books of account.

iii)	Regarding sales tax on sale of cement on "G" Form for which appeal is filed with the Sales Tax Appellate Tribunal.						
	<table border="0"> <tr> <td style="text-align: center;"><u>Assessment Year</u></td> <td style="text-align: center;"><u>Rs in lacs</u></td> </tr> <tr> <td>2001-02</td> <td>22.04</td> </tr> </table>	<u>Assessment Year</u>	<u>Rs in lacs</u>	2001-02	22.04	-	22.04
<u>Assessment Year</u>	<u>Rs in lacs</u>						
2001-02	22.04						

e)	Difference in voltage surcharge charged by AP Transco for the year 1998-99 Rs.24.98 lacs and Rs.84.96 lacs for the year 1999-2000 for which writ petition filed in the High Court of Andhra Pradesh and stay obtained.	109.94	109.94
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Schedule XV: Notes to the Accounts (Contd...)

f) Wheeling charges of Rs.0.45 per unit by APCPDCL for the year 2004-05 and 2005-06 towards wheeling of energy generated in the company's Hydel & Wind unit for which writ petition filed in the High Court of Andhra Pradesh and stay obtained	221.54	221.54
g) Difference in banked unit for the year 2004-05 and 2005-06 with APCPDCL of energy generated in the company's Hydel & Wind unit for which writ petition filed in the High Court of Andhra Pradesh and stay obtained	10.41	10.41
h) Estimated amount of contracts to be executed on capital account and not provided for (net of advances):	15938.82	3909.29

3. Secured Loans:
A) Term Loans:

- i) The Term Loans from Banks are secured by hypothecation of present and future immovable assets in favour of consortium of banks comprising of State Bank of India, State Bank of Hyderabad, State Bank of Mysore, State Bank of Saurashtra, Andhra bank and Indian Bank ranking pari passu charge except the current assets specifically charged to working capital lenders in respect of which second charge is created.
- ii) The Term Loans are further secured by the personal guarantees of Mr M B Raju, Chairman and Ms. P Parvathi, Managing Director till the additional mining rights are obtained to the satisfaction of the lenders.

B) Working Capital:

Cash Credit facility with State Bank of India and Andhra Bank is secured by hypothecation of stocks of raw materials, stock in process, finished goods, spares and book debts and second charge on Fixed Assets and further secured by the personal guarantees of Mr. M B Raju, Chairman and Ms. P. Parvathi, Managing Director.

4. Unsecured Loans:

The Government of Andhra Pradesh has extended to the company the incentive of:

- (a) Sales Tax Deferral Scheme vide their proceedings No. 10/3/2000/0886/ID, dated 6.6.2000, pursuant to which the Sales Tax attributable to the sales effected out of the production from the expansion pertaining to Cement Division from 600 TPD to 900 TPD is deferred (interest free) for a period of 14 years from 2000-01 or Rs1631.54 lacs (whichever is earlier) and the Deferred Sales Tax of each year is repayable after the expiry of 14 years subject to fulfillment of conditions specified in the proceedings. Based on the Sales Tax returns, the company has availed deferment of Sales Tax during the year Rs 257.67 lacs (Previous year Rs. 268.80 lacs) and
- (b) Sales tax exemption scheme vide letter No.30/2/2002/0788/1357/FD dated 23.10.2002 issued by Commissionerate of Industries, Hyderabad pertaining to the sales effected out of production from the new Slag Cement Division which is exempted for a period of 7 years or Rs.3634.94 lacs (whichever is earlier). With the implementation of VAT w.e.f 01.04.2005 the said exemption has been converted into deferment for the balance amount of Rs.745.98 lacs and the balance period has also been doubled. Accordingly the Company is eligible to avail this deferment amount of Rs.745.98 lacs within a period of 8 years w.e.f 01.04.2005 till 31.03.2013. Based on the Sales Tax returns, the Company has not availed deferment during the year 2007 -08 (Previous year Rs.181.41 lacs).

Schedule XV: Notes to the Accounts (Contd...)

5. The amount of borrowing cost capitalized during the year is Rs.Nil (Previous year Rs. Nil)
6. Names of Small Scale Industrial Undertakings to whom the company owes any sum together with interest outstanding for more than thirty days: Nil
7. The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said ACT have not been given.

8. Employee Benefits:

- a) Liability for retiring gratuity as on March 31,2008 is Rs. 119.53 Lacs (31.03.2007 - Rs.96.19 Lacs) of which Rs.67.33 lacs (31.03.06 Rs. 61.17 lacs) is funded with the Life Insurance Corporation of India and the balance is included in provision for Gratuity and Liability for Gratuity and Cost of Compensated absences has been actuarially determined and provided for in the books.
- b) The details of the Company's post - retirement benefit plans for its employees including whole time directors are given below which is certified by the actuary.

Particulars	Gratuity Rs. in Lacs	Compensated Absences Rs. in Lacs
Net Assets/(Liability) recognised in the balance sheet As at 31st March,2008		
Present Value of Obligation	119.53	
Fair Value of Plan Assets Liability/(Assets)	(60.73)	
Unrecognised past service Cost	NIL	
Liability/(Assets) recognised in the Balance Sheet	58.80	
Component of Employer's Expense		
Current Service Cost		
Interest Cost	-	
Expected Return on Plan Assets	-	
Net Actuarial Gain/(Loss) recognised in the Year	-	
Past Service Cost	-	
Expenses Recognised in the Profit and loss Account	-	
Movement in the Net Liability recognised in the Balance Sheet		
Opening Net Liability as on 1st April, 2007	-	
Expenses recognised in the Profit and Loss Account.	-	
Payment made to employee on retirement	-	
Closing Net Liability as on 31st March,2008	-	
	8.30%	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, Seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Schedule XV: Notes to the Accounts (Contd...)
9. Computation of net profits in accordance with section 349 of the Companies Act,1956 for the purpose of calculating Directors' Commission.

	<u>Current Year</u>	Rs.in lacs	<u>Previous Year</u>
Profit before Tax	7311.90		4306.29
Add: Directors' Remuneration	295.70	126.56	
Loss on Sale of Fixed Assets	-	-	
Loss on Sale of Investments	-	-	
	<u>295.70</u>		<u>126.56</u>
	7607.60		4432.85
Less: Profit on Sale of Investments	66.11		-
Profit on sale of Fixed Assets	1.73		0.65
Profit as per Sec 349 for the year	7539.76		4432.20
Commission payable to Managing Director	113.10		44.32
Commission payable to Executive Chairman	113.10		44.32
Commission payable to Non-wholetime Directors limited to	5.00		3.00
Total	<u>231.20</u>		<u>91.64</u>

10. Directors' Remuneration :

	<u>Current Year</u>	Rs.in lacs	<u>Previous Year</u>
a) To Managing Director			
Salary	16.80		8.85
Accommodation/HRA	11.76		5.31
Provident & other funds	4.54		2.39
Commission	113.10		44.32
Benefits	2.42		3.04
Gratuity	0.70		0.37
TOTAL	<u>149.32</u>		<u>64.28</u>
b) To Executive Chairman			
Salary	18.00		9.45
Accommodation/HRA	12.60		4.73
Provident & other funds	2.16		1.13
Commission	113.10		44.32
Benefits	2.51		3.15
Gratuity	0.75		0.38
TOTAL	<u>149.12</u>		<u>63.16</u>
c) To Non-whole time Directors			
Commission	5.00		3.00

Schedule XV: Notes to the Accounts (Contd...)

	Current Year		Previous Year	
	Rs. In Lacs		Rs. in Lacs	
11. Auditors' Remuneration				
Audit Fee		2.25		2.25
Certification Work		0.15		-
Corporate Governance		0.10		0.10
Tax Audit Fee		0.50		0.50
Reimbursement of Expenses		0.85		0.85
Limited Review Fee		0.75		0.75
Total		<u>4.60</u>		<u>4.45</u>

12. Additional information pursuant to the provisions of paragraphs 3,4c and 4d of part II of Schedule VI of the Companies Act,1956

	Current Year		Previous Year	
	Quantity (MT)	Rs. In Lacs	Quantity (MT)	Rs. in Lacs
a) Turnover :				
i) Cement Division:				
Cement (MT):				
Sale of Cement	295755	10892.30	296512	9328.32
Sale of clinker	-	-	-	-
Internal Consumption -				
Cement	291	4.95	94	1.61
Clinker	228732	2902.54	240854	3027.53
		<u>13799.81</u>		<u>12357.46</u>
ii) Slag Cement Division:				
Cement (MT):				
Sale of Cement	336141	12552.58	329619	10008.17
Internal Consumption -				
Cement	13963	237.34	8	0.13
		<u>12789.92</u>		<u>10008.30</u>
iii) Power (KWH) :				
- Wind (AP)	2914088	89.18	3312700	96.32
- Wind (TN)	5679855	158.04	152761	4.12
- Hydel	23394837	720.60	25193500	656.19
		<u>967.82</u>		<u>756.63</u>
Total		<u>27557.55</u>		<u>23122.39</u>
b) Particulars of Raw Materials Consumed (Quantity in MT)				
i) Limestone	707997	440.31	703170	517.85
ii) Laterite	1389	6.64	2694	12.56
iii) Iron Ore	10630	116.85	12604	122.35
iv) Gypsum	34538	419.36	34598	313.15
v) Fly Ash	67307	313.85	48464	210.91
vi) Clinker	240263	2331.01	239193	2177.19
vii) Slag	56761	459.67	56119	378.18
Total		<u>4087.69</u>		<u>3732.19</u>

Schedule XV: Notes to the Accounts (Contd...)

	Current Year		Previous Year	
	Quantity	Rs. In Lacs	Quantity	Rs. in Lacs
c) Capacity, Production, Generation and Stocks:				
i) Cement Division (MT)				
Installed Capacity (As certified by the Management & relied upon by the auditors being a technical matter)	297000		297000	
Actual Production	296065		296040	
Opening Stock	278	4.51	851	12.20
Samples and Shortages	7	-	7	-
Closing stock	289	7.11	278	4.51
ii) Slag Cement Division (MT)				
Installed Capacity (As certified by the Management & relied upon by the auditors being a technical matter)	500000		500000	
Actual Production	350640	-	329290	
Opening Stock	3848	66.59	4190	64.02
Samples and Shortages	5	-	5	-
Closing Stock	4378	78.18	3848	66.59
iii) Wind Power (KWH)				
Installed Capacity (As certified by the Management & relied upon by the auditors being a technical matter)	31554000		18414000	
Actual Generation	8692955		3312700	
Less: Wheeling/Banking charges	126312		166388	
Net Generation	8566643		3146312	
iv) Hydel Power (KWH)				
Installed Capacity (As certified by the Management & relied Upon by the auditors being a technical matter)	20740000		20740000	
Actual Generation	23852800		25193500	
Less: Wheeling/Banking charges	694035		2055466	
Net Generation	23158765		23138034	

Schedule XV: Notes to the Accounts (Contd...)
d) Value of Imported, Indigenous Raw Materials, Spare Parts and Packing materials consumed.

	Current Year		Previous Year	
	Value Rs.in Lacs	%	Value Rs.in Lacs	%
Raw Materials				
Imported	-	-	-	-
Indigenous	4087.69	100.00	3732.19	100.00
Stores, Spare Parts and Packing Materials				
Imported	47.31	3.59	14.27	1.09
Indigenous	1272.38	96.41	1296.50	98.91

	Current Year	Previous Year
	Rs.in lacs	Rs.in lacs
e) Value of Imports (CIF) Import of Capital goods	34.34	82.25
f) Expenditure in Foreign Currencies:		
Travel	4.04	-

13. Deferred Tax: The deferred tax Liability as at 31st March, 2008 includes the following:

	As at 31st March, 2008	As at 31st March, 2007
	Rs. in Lacs	Rs. in Lacs
a. Deferred Tax Liability Related to Depreciation and amortisation	1787.79	1562.62
b. Deferred Tax Assets Disallowances U/s 43B of IT Act'1961	(15.71)	(12.86)
	<u>1772.08</u>	<u>1549.76</u>

14. Accounting Standard 18 - Related Party Disclosure.
i) List of related parties with whom transactions have taken place and relationships.

Name of the Related Party	Relationship
a) M/s M B Raju, Umesh Shrivastava, DRK Rao, P. Parvathi, P Venugopal Raju	Directors and Key Management Personnel
b) Mrs M. Lakshmi	Wife of Executive Chairman

ii. Transactions during the year with related parties:

S.No.	Nature of Transactions	Current Year	Previous Year
1.	Rent paid	1,260,000	472500

Remuneration paid to Directors has been disclosed in Note No.10



15. Accounting Standard 17 :Segment Reporting

Rs. in Lacs

	Cement Plant		Slag Cement Plant		Hydel Power		Wind Power		Subtotal		Eliminations		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
PRIMARY DISCLOSURES														
External Revenue	10897.27	9328.32	12789.91	10008.17			158.04	4.12	23845.22	19340.61	-	-	23845.22	19340.61
Inter-segment Revenue	2902.54	3029.14	-	0.13	720.60	656.19	89.18	96.32	3712.32	3781.78	-3712.32	-3781.78	-	-
Interest & Other Income	184.10	90.01	119.08	102.13	0.43	1.32	-	-	303.61	193.46	-	-	303.61	193.46
Total Revenue	13983.91	12447.47	12908.99	10110.43	721.03	657.51	247.22	100.44	27861.15	23315.85	-3712.32	-3781.78	24148.83	19534.07
RESULT														
Segment result	2932.68	1583.67	3754.30	2314.76	578.00	479.56	103.92	6.06	7368.89	4384.05	-	-	7368.88	4384.05
Less: Interest expenses	44.20	28.44	12.79	49.32	-	-	-	-	56.99	77.76	-	-	56.99	77.76
Less: Income Tax													2271.35	1213.96
Deferred Taxation													222.32	222.76
Prior year Taxation													9.35	16.71
FBT													12.29	10.37
Net Profit/Loss from ordinary activities	2888.47	1555.23	3741.51	2265.44	578.00	479.56	103.92	6.06	7311.90	4306.29	2515.31	-1463.80	4796.58	2842.49
OTHER INFORMATION														
Segment assets	5125.19	6478.46	25514.96	5659.04	916.54	987.39	2182.12	1370.15	33738.81	14495.04	-	-	33738.81	14495.04
Unallocated Assets													3925.97	1794.74
Segment Liabilities	3007.78	2545.32	15178.37	1461.75	80.33	68.23	9.12	7.28	18275.60	4082.58	-	-	18275.60	4082.58
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	5260.06	2878.26
Cost to acquire Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation expenses by business segment	233.72	251.87	150.21	150.15	72.26	72.32	127.56	75.32	583.74	549.66	-	-	583.75	549.66

Schedule XV: Notes to the Accounts (Contd...)

Secondary Disclosures

Revenue from external customers by location of customers The main customer base of Companies Products are in India only

Carrying amount of Segment Assets by location assets All manufacturing and power generation units are located in the State of Andhra Pradesh, & Tamilnadu.

Cost to acquire tangible and intangible fixed assets by location of assets NIL

OTHER DISCLOSURES

Basis of pricing inter segment transfers and any change therein i) Clinker : Supply of Clinker to Slag Division is taken at cost plus statutory levies

ii) Cement: Internal consumption is taken at cost plus statutory levies

iii) Power : At cost of purchase from APCPDCL by the division consumer

Changes in Segment accounting policies NIL

Types of products and services in each business segment Plant I : Manufacturers of OPC/PPC Cements
Plant II : Manufacturers of Slag Cement
Hydel Power: Generation of Power
Wind Power : Generation of Power

Composition of each geographical segment All the above Units are situated in the States of Andhra Pradesh/Tamilnadu.

16. Previous Year's figures have been re-grouped wherever necessary to conform with current year's classification.

17. Additional information pursuant to Provisions of Part IV of Schedule VI of the Companies Act, 1956 is furnished in Annexure "A".

SIGNATURES TO SCHEDULES 'I' TO 'XV'

As per our Report attached to the Balance Sheet
For **M Bhaskara Rao & Co.,**
Chartered Accountants

For and on behalf of the Board

V. Raghunandan
Partner
Membership No. 26255

M B Raju
Executive Chairman

Place : Hyderabad
Date : 13th June, 2008

C Srinivasan
General Manager (Legal) &
Company Secretary

P Parvathi
Managing Director

Annexure "A" forming part of Schedule XV:
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS AT 31.3.2008**
1. Registration Details:

Registration No. : 2500 State Code : 01

2. Capital Raised during the year (Rs.in Thousands) : Nil
3. Position of Mobilisation and Deployment of Funds (Rs.in Thousands)

Total Liabilities : 3770972 Total Assets : 3770972

Sources of Funds

Paid-Up Capital	:	70038	Reserves & Surplus	:	1322786
Secured Loans	:	1436584	Unsecured Loans:	:	185800
Deferred Tax Liability	:	177208			

Application of Funds

Net Fixed Assets	:	2731796	Investments	:	590
Net Current Assets	:	455491	Misc. Expenditure	:	4539

4. Performance of Company (Rs. in Thousands) :

Turnover : 2122511 Total Expenditure : 1391251

Profit before Tax : 731190 Profit after Tax : 479659

Earning per share in Rs. : 68.49 Dividend Rate % : 30

**5. Generic Names of Three Principal Products /
Services of Company (as per monetary terms):**

a) Item Code No. : 252329

(ITC Code)

Product Description : CEMENT

b) Item Code No. : Not allotted

(ITC Code)

Product Description : POWER

c) Item Code No. : 252310zxc

(ITC Code)

Product Description : CLINKER

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