

## **Board of Directors**

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

## **Senior Executives**

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

## **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 NINETH ANNUAL GENERAL MEETING** of the Members of **DECCAN CEMENTS LIMITED** will be held on Friday, the 18th day of September, 2009 at 10.00 A.M. at "Bhaskara Auditorium", Birla Museum, Adarsh Nagar, Hyderabad - 500 063 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2009, the Balance Sheet as at that date and the Directors' and the Auditors' Reports thereon.
2. To declare a dividend on Equity shares.
3. To appoint a Director in place of Mr. Umesh Shrivastava, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. R S Agarwal, who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. M Bhaskara Rao & Co., Chartered Accountants, as Statutory Auditors to hold office from the conclusion of this Annual General

Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED that pursuant to the provisions of Section 255 of the Companies Act, 1956 and Article 106 of the Articles of Association of the Company, Mr. J Narayanamurthy be and is hereby appointed as a Director of the Company".

By Order of the Board

**C. SRINIVASAN**

Place: Hyderabad  
Date : 29th July, 2009

General Manager (Legal) &  
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 and such Proxy need not be a member of the Company. Proxies, in order to be effective, should be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- 2) The Register of Members and Share Transfer Books of the Company will be closed from 12th September, 2009 to 18th September, 2009 (both days inclusive).
- 3) Payment of dividend on shares, if declared at the meeting, will be made to those members whose names appear on the Company's Register of Members on 12th September, 2009 and as per the list of beneficial ownership furnished by Depositories for this purpose in case of shares held in Electronic form.
  - a) In terms of 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, 2001.

- b) Pursuant to the provisions of Section 205A of the Companies Act, 1956 as amended, dividend for the financial year ended 31st March, 2002 remaining 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 immediately write to the Company regarding their unclaimed dividend.
- 4) Explanatory statement to the Special Business has been annexed to the Notice in terms of Section 173(2) of the Companies Act, 1956.

By Order of the Board

**C. SRINIVASAN**

Place: Hyderabad  
Date : 29th July, 2009

General Manager (Legal) &  
Company Secretary

**Registered Office:**

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

**Annexure to the Notice :**

**Explanatory Statement under Section 173(2) of the Companies Act, 1956 :**

**Item 6 :**

Mr. J Narayanamurthy, 66, was appointed as an Additional Director by the Board at its meeting held on 23rd June 2009. In terms of provisions of Section 260 of the Companies Act, 1956, Mr. Narayanamurthy holds office up to the date of the ensuing Annual General Meeting. The Company has since received a notice from a member, signifying his intention to propose the appointment of Mr. J Narayanamurthy as a Director. A deposit of Rs. 500 as required under the provisions of Section 257 of the Companies Act, 1956, was also received from the above member.

Mr. J Narayanamurthy holds M.A. Degree and CAIIB Certificate, has worked with the Reserve Bank of India and Industrial Development Bank of India and has rich experience in the areas of Corporate Governance, Internal Audit, Project Appraisal, etc.

The Board recommends the resolution to the members for their approval.

In terms of Clause 49(IV)(E)(V) of the Listing Agreement, Mr. Narayanamurthy has disclosed his shareholding in the Company as 'Nil'.

None of the Directors is concerned or interested in the Resolution.

By Order of the Board

**C. SRINIVASAN**

Place: Hyderabad  
Date : 29th June, 2009

General Manager (Legal) &  
Company Secretary

**Registered Office:**

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

## DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report together with the Audited Accounts and Cash Flow Statement for the year ended 31st March, 2009.

### Financial Results:

The Financial Results for the year ended 31st March, 2009 are summarized below:

	<b>April, 2008 March, 2009</b>	April, 2007 March, 2008
	<b>Rs.in Lakhs</b>	Rs.in Lakhs
Sale Income	<b>18,556.00</b>	18,801.23
Other Income	<b>147.52</b>	303.62
Total	<b>18,703.52</b>	19,104.84
Profit before Depreciation and interest	<b>6,685.89</b>	8,008.97
Less: Depreciation	<b>698.01</b>	580.62
Interest and Finance Charges	<b>457.53</b>	115.75
Profit before tax and prior period items	<b>5,530.35</b>	7,312.60
Prior year adjustments	<b>(2.33)</b>	(0.70)
Profit before tax & Prior period items	<b>5,528.02</b>	7,311.90
Less: Provision for -		
Taxation	<b>626.27</b>	2,271.35
Deferred Taxation	<b>1,447.48</b>	222.32
Fringe Benefit Tax	<b>12.01</b>	12.29
Prior Year taxation	<b>19.01</b>	9.35
Wealth tax	<b>0.27</b>	-
Net Profit after Tax	<b>3,422.98</b>	4,796.59
Profit brought forward from previous year	<b>8,428.55</b>	4,357.43
Profit available for appropriation	<b>11,851.53</b>	9,154.02
<b>Appropriations</b>		
Proposed Dividend	<b>210.11</b>	210.11
Dividend Tax	<b>35.71</b>	35.71
General Reserve	<b>342.30</b>	479.65
Balance retained	<b>11,263.41</b>	8,428.55

### Results of Operations:

The performance of your Company for the year under review was satisfactory. Sales turnover was marginally lower at Rs. 185.56 crore compared to Rs. 188.01 crore in the previous year. Net profit before tax for the year was lower at Rs. 55.30 crore (Previous Year Rs. 73.12 crore) due to higher input costs, depreciation and interest costs.

### Commissioning of the new one million tonne Cement Plant:

Your Company has successfully commissioned its additional one million tonnes Cement expansion project along with an 18 MW Captive Thermal Power Plant during the last quarter of the financial year. The enhanced capacity will contribute to a significant increase in the turnover during the current year.

### Appropriations:

#### Dividend:

In consonance with the Company's policy of rewarding the shareholders with a good return on their investments on a consistent basis, your Directors recommend a dividend of Rs. 3/- per equity share (30%) for the year ended 31st March, 2009 which would entail a cash outflow of Rs. 210.11 Lakhs and Dividend distribution tax amounting to Rs. 35.71 Lakhs.

### Transfer to Reserves:

Your Directors propose to transfer Rs. 342.30 Lakhs in compliance with the provisions of *The 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, 2009 stood at Rs.577.67 Lakhs. There are no matured and unclaimed Deposits as on 31st March, 2009.

### Industrial Relations:

Barring a strained relationship between contract workmen with their contractors in the Plant for a brief period which had an impact on the company's productivity which was amicably resolved, Industrial Relations continued to be cordial during the year. 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, 2009 your company supplied 55,896 MT of cement to the State Government at concessional price as part of the government's *Indiramma Housing Scheme*.

### **Corporate Governance:**

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

### **Transfer to Investor Education and Protection Fund**

In terms of Section 205C of the Companies Act, 1956, the unclaimed dividend amount aggregating to Rs. 2,21,933 lying with the Company for a period of seven years pertaining to the year ended 31st March 2001, was transferred during the financial year to the *Investor Education and Protection Fund*, established by the Central Government.

### **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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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; and
- iv) the Directors have prepared the annual accounts on a going concern basis.

### **Directors :**

Pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. Umesh Shrivastava and Mr. R S Agarwal retire by rotation and are eligible for reappointment.

The Board appointed, in its meeting held on 23rd June 2009, Mr. J Narayanamurthy who has rich industrial experience, as an Additional Director. The Company has since received a notice from a member, proposing the name of Mr. J Narayanamurthy for appointment as a Director in the ensuing Annual General Meeting.

### **Statutory Auditors:**

M/s. M Bhaskara Rao & Company, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the Annual General Meeting and are eligible for reappointment. The Audit Committee, in its meeting held on 29th July, 2009 has recommended the re-appointment of M/s. M Bhaskara Rao & Company.

### **Particulars of Research and Development, Conservation of Energy, Technology Absorption, etc.**

Particulars as 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 are given in the annexure to the report.

### **Energy, Technology and Foreign Exchange:**

Additional information on conservation of energy, technology absorption and 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:**

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 annexed and forms part of this report.

### **Acknowledgement:**

The Board expresses its grateful thanks to the Government of Andhra Pradesh, Banks, Customers and Dealers for their continued support to the Company.

**for and on behalf of the Board**

Hyderabad  
Date: 29th July, 2009

**M.B. Raju**  
Executive Chairman

## **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**

Cement production in the Country during 2008-09 was 181.35 million tonnes compared to 168.31 million tonnes in the previous year, registering a growth of 7.74%. Cement dispatches for 2008-09 recorded a growth of 7.91% at 180.95 million tonnes, against the figure of 167.68 million tonnes in 2007-08.

### **2. OPPORTUNITIES AND THREATS:**

The Cement industry is poised to add 50 million tonnes of annual capacity by end 2010. According to a report by the ICRA Industry Monitor, the installed capacity is expected to increase to 241 MTPA by Financial Year ending 2010. The expected growth in supply and demand, according to the Centre for Monitoring Indian Economy (CMIE), will be 8.1% and 7 to 7.5% respectively. While these country-specific data are encouraging, State-wise scenario may show some imbalances. However, your Company is conscious of impediments in the market and is confident of dealing with the situation to its advantage.

One distinct advantage for the Company is the availability of its recently commissioned 18 MW Captive Thermal Power Plant, which helps in ensuring uninterrupted supply of quality power to the Plant, especially during power shortage during summer months.

Quality of coal supplied by the Collieries in the country has been deteriorating over the years. Quantitative requirements are also not being fully met. Hence, your company had to import Coal. Freight also constitutes a major element in cement cost. As the freight cost also constitutes a major element in the cement cost, any increase may have an impact on the margins.

### **3. SEGMENT WISE PRODUCTIVE PERFORMANCE:**

Net power generation through Windmills in Andhra Pradesh was 27.81 lakh units during the year, down by over 2.3 lakh units. The lower generation was wholly attributable to lower wind velocity. Wind power generation in Tamilnadu was 86.94 lakh units during the year compared to 56.80 lakh units during the previous year. The significant increase in generation has been possible due to the addition of a new windmill of 1.65 MW capacity commissioned by around the end of the previous year, the benefit of which was available for a full year during the current year. Hence, these figures are not directly comparable. Power generation through Hydel unit was low at 205.74 lakh units compared to 231.59 lakh units generated in the previous year. The reduced generation was due to poor rain fall in the State.

### **4. OUTLOOK:**

Based on the projected domestic demand and supply, the outlook for the cement industry, at least in Southern India where your Company operates, appears to be manageable.

### **5. RISKS AND CONCERNS:**

The various risks generally associated with the cement manufacture, 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, etc., can have impact on the cement prices. The down trend in the global economy has also started showing its impact on the country. Your Company, however, is confident that it would be able to tackle such situations.

### **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. These Internal Auditors submit their reports and suggest remedial actions where required. An Audit Committee also involves itself in reviewing the reports of Internal Auditors and directs remedial action to the operating management.

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

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

The net sales and other income were at Rs. 18,556 Lakhs against Rs. 18,801 Lakhs in the previous year. The outgo on interest payments is Rs.458 Lakhs as against Rs. 116 Lakhs in the previous year.

The Profit before tax of the Company was Rs. 5,528 Lakhs as compared to Rs. 7,312 Lakhs in the previous year. The net profit after tax for the year was Rs. 3,423 Lakhs against Rs. 4,797 Lakhs in the previous year.

There has been no change in paid-up share capital during the Financial Year 2008-09 which stands at Rs.700.38 Lakhs

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

The Company believes that human resources are an invaluable asset. The Company takes special care to maintain cordial relationship with employees and staff.

**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

demand-supply conditions, increase in installed capacities, prices of finished goods, feed stock availability and prices, cyclical demand, pricing in the Company's markets, changes in Government regulations, tax regimes, etc. besides other factors, such as litigations and labour related issues.

**DISCLOSURE ABOUT RISK MANAGEMENT**

1. Clause-49 of the Listing Agreement requires that the Board of Directors of the Company takes note of the risk factors in the operations and measures taken to mitigate the same.
2. Risks generally faced by the Company are as follows:

**A. Business Risk**

The risk which is specific to the industry and the market in which it operates.

**B. Operational Risk**

The operational risk including technology changes and obsolescence of plant and machinery.

**C. Financial risks**

The financial risks relate to loss on account of interest rate fluctuations on the Company's borrowings and Foreign Exchange fluctuations in import/export transactions..

**D. Market risks**

Market risk involves loss arising out of market price fluctuations or supply rejections and bad or doubtful recovery of receivables.

**E. Legal and Statutory risks**

These are risks associated with new legislations and impostures by the government, backed out contracts and risks due to non-compliance of various statutory requirements, etc.

**F. Management risks**

The risk in this area relates to defective internal control systems, poor recovery plans, Human Resource Management failures, etc.

## **ANNEXURE TO DIRECTORS' REPORT**

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

### **A. CONSERVATION OF ENERGY**

#### **CEMENT DIVISION**

##### **a) Energy Conservation measures taken:**

Optimization of productivity and ensuring better availability of the equipment are given priority so as to achieve lower energy consumption.

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

The Company has carried out modifications in Coal Mill to achieve better productivity.

##### **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 tonne of Cement for the year is 38 units.

Possibilities of achieving further efficiencies in power consumption are being explored on a continuous basis.

### **B. TECHNOLOGY ABSORPTION**

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



**FORM A**

(See Rule 2)

**Form for Disclosure of particulars with respect to conservation of energy.**

A) POWER AND FUEL CONSUMPTION	Current Year 2008-09	Previous Year 2007-08
<b>1) ELECTRICITY :</b>		
<b>a) Purchased Units (KWH - Lakhs)</b>	561.82	535.22
Total Amount (Rs.in Lakhs)	1,816.58	1872.19
Rate per unit (Rs.)	3.23	3.50
<b>b) Own Generation:</b>		
Through Diesel Generator		
Units generated (KWH lac units)	6.48	2.82
Total Amount (Rs.Lakhs)	80.20	47.33
Rate per unit (Rs.)	12.38	16.78
<b>2) Coal (C&amp;D Grade):</b>		
Used as a fuel in Kiln:		
Quantity (Million K Cal)	364520	387464
Total Cost (Rs.in Lakhs)	3,682.61	2,279.19
Average Rate (Rs./million K Cal)	1,010	588
<b>B) POWER CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>Cement Division</b>		
Electricity (KWH/tonne of Cement)	91	87
Coal %	19.54	19.10
<b>Slag Division</b>		
Electricity (KWH/tonne of Cement)	38	39

**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

**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 export business on hand.

**b) Total foreign exchange used and earned.**

	Current year	Rs. in Lakhs Previous Year
Used	<b>855.78</b>	85.69
Earned	<b>NIL</b>	NIL

**INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.**

Name, age and Qualification	Designation and nature of Duties	Date of commencement of employment	Experience in years	Remuneration (Rs. in Lakhs)	Last Employment
M B RAJU 69 years B.E.	EXECUTIVE CHAIRMAN	31.07.1979	46	128.04	Chairman and Managing Director, DCL Polyesters Ltd
P. PARVATHI 43 years M.Com	MANAGING DIRECTOR	01.07.1998	20	128.41	Deputy Manager, Secretarial, 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 Section 217 (2A)(iii) 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 : 29th July, 2009

**M.B. Raju**  
Executive Chairman

## CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance is set out below :

### I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Deccan Cements Limited believes that the Corporate Governance provides a structure through which -

- objectives of the Company are set, means for achieving and monitoring performance are determined;
- long term value of the enterprise is maximized;
- the business complies with legal and regulatory frameworks; and
- better value is offered to shareholders/ stakeholders and the society at large.

The Company has been consistently practicing good Corporate Governance. The Company creates an environment for the efficient conduct of the business, enables the management to meet its obligations towards all its stockholders, including amongst others, customers, employees and the community in which the Company operates.

### II Board of Directors ("Board")

The Board comprises of the following six Directors of whom two are executive and four 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
Mr. Umesh Shrivastava	Independent & Non Executive

Name of the Director	Status
Mr. P Venugopal Raju	Non Executive
Mr. D R K Rao	Independent & Non Executive
Mr. R S Agarwal	Independent & Non Executive

Mr. M B Raju, Ms. P Parvathi and Mr. P Venugopal Raju are related to each other in terms of the provisions of the Companies Act, 1956. No other Director is related to any other Director on the Board.

All Directors who are on various Committees are within the permissible limits, in terms of the minimum number, of the Listing Agreement. The Directors have intimated from time to time, their membership in various Committees in other Companies.

#### 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 with 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 unaudited financial results.

#### i) Number of Board Meetings:

During the year 1st April, 2008 to 31st March, 2009, the Board met five times on the following dates.

13th June, 2008, 25th July, 2008, 2nd September, 2008, 31st October, 2008, 30th January, 2009

**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 31.03.2009	No. of Memberships in other Board Committees as on 31st March, 2009
Mr. M B Raju	5	4	YES	2	NIL
Ms P Parvathi	5	5	YES	NIL	NIL
Mr. Umesh Shrivastava	5	5	YES	4	2
Mr. P Venugopal Raju	5	4	YES	5	NIL
Mr. D R K Rao	5	2	YES	NIL	NIL
Mr. R S Agarwal	5	4	YES	10	8

**III Committees of Directors:**

The Board has constituted Committees in line with the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

**A) AUDIT COMMITTEE:**

i) The Audit Committee comprises of the following non-executive Directors of the Board.

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

ii) During the year 1st April, 2008 to 31st March, 2009 the Audit Committee met four times on the following dates:

13th June, 2008	25th July, 2008
31st October, 2008	30th January, 2009

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. R S Agarwal	4	3
Mr. P Venugopal Raju	4	4

The terms of reference to the Audit Committee are in line with the Listing Agreement entered into with the Stock Exchanges.

**B) SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE:**

i) The Committee comprises of the following members of the Board.

1. Mr. Umesh Shrivastava,	Chairman
2. Mr. D R K Rao,	Member
3. Ms. P Parvathi,	Member

ii) Name of the compliance officer:

Mr C Srinivasan, General Manager (Legal) & Company Secretary

iii) During the year 1st April, 2008 to 31st March, 2009, the Share Transfer and Investors' Grievance Committee met four times on the following dates:

13th June, 2008	25th July, 2008
31st October, 2008	30th January, 2009

**iv) Attendance of the Directors in the Committee Meeting:**

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

The terms of reference to the Share Transfer & Investors' Grievance Committee are in line with the Listing Agreement entered into with the Stock Exchanges.

- v) Number of complaints received and pending with the Company:

All the complaints/letters received during the financial year from shareholders and investors were replied/resolved to the satisfaction of the shareholders and there are no complaints pending to be responded as at 31st March, 2009.

**C) REMUNERATION COMMITTEE:**

- a) The Remuneration Committee comprises of the following Non-executive and Independent Directors of the Board:

- Mr. Umesh Shrivastava, Chairman
- Mr. R S Agarwal, Member
- Mr. D R K Rao, Member

- b) During the year 1st April, 2008 to 31st March, 2009 the Remuneration Committee met once on 2nd September, 2008 which was attended by Mr. Umesh Shrivastava and Mr. R S Agarwal.

The terms of reference to the Remuneration Committee are in line with the Listing Agreement entered into with the Stock Exchanges.

**IV. Compensation to Non-executive Directors :**

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

profits at such rates as determined by the Shareholders in the General Meetings.

**V. Details of Remuneration paid to the Directors during the Financial Year from April, 2008 to March, 2009.**

The Board comprises of six Directors as on 31st March, 2009 of whom two are Executive and four are Non-executive Directors.

**a) Executive Directors: (Rs. in Lakhs)**

Name of the Director	Salary	Perquisites	Commission
Mr. M B Raju	19.20	22.12	86.72
Ms. P Parvathi	18.00	23.69	86.72

**Terms of Contract:**

Name of the Director	Date of Appointment	Expiry of the Contract
Mr. M B Raju	01.04.2007	31.03.2012
Ms. P Parvathi	01.07.2008	30.06.2013

**b) Non Executive Directors:**

Name of the Director	Sitting fees paid (Rs.)
Mr. Umesh Shrivastava	10,000/-
Mr. D R K Rao	7,000/-
Mr. P Venugopal Raju	8,000/-
Mr. R S Agarwal	8,000/-

Non-executive Directors are collectively paid a Commission @ 1% of the net profits of the Company, subject to an overall ceiling of Rs.5 Lakhs.

**VI Code of Conduct:**

The Company has evolved a Code of Conduct for the Directors and Senior Management personnel of the Company (one level below the Executive Directors including Heads of the Departments), 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 Factors:** The Company has procedures for risk assessment and its mitigation. These procedures are continually evaluated, fine-tuned and placed before the Board for approval.

**X General Body Meetings:**

**Annual General Meetings of the Company for the previous year were held as under:**

Financial Year	Date	Time	Place
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
2007-2008	02.09.2008	10.00 A.M.	"Bhaskara Auditorium", Birla Museum, Adarsh Nagar, HYDERABAD - 500 063

All the resolutions set out in the respective notices were passed by the Shareholders. No special resolutions were required to be put through the ballot in any of the above meetings.

**XI. Disclosures:**

Pecuniary disclosure with regard to interested Directors:

- a) Disclosures on materially significant related-party transactions of the Company of material nature with the Promoters, Directors or their relatives, or the Senior Management personnel, etc., that may have potential conflict with the interests of the Company at large.

*None of the business transactions with any of the related parties was in conflict with the interests of the Company during the financial year 2008-2009.*

- b) Details of non-compliance by the Company with any of the Listing Agreement clauses, penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other 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 Markets during the last three years.*

- c) The Managing Director and General Manager (Finance) of the Company have periodically given Certificates to the Board in pursuance to Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

- d) In respect of non-mandatory clause of the Listing Agreement for implementation, the Company has fulfilled the following:

**1) Tenure of Independent Directors:**

At present there is no policy, fixing the tenure of Independent Directors.

**2) Remuneration Committee:**

A Remuneration Committee has been constituted which meets at least once in a year.

**3) Shareholders' Rights:**

Presently, there is no practice of sending Half-yearly financial results, including summary of the significant events in the previous six months, to the shareholders of the Company.

**4) Audit Qualifications:**

There are no qualifications in the Auditor's report on the financial statements to the Shareholders of the Company.

**5) Training of Directors:**

The Company has not felt the requirement to train the members of the Board as the members are eminent and experienced in their respective professions.

**6) Mechanism for evaluating non-executive Board Members:**

There is no formal mechanism existing at present for evaluating the performance of Non-Executive Directors.

**7) Whistle Blower Policy:**

The Company has not established any formal Whistle Blower policy.

**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 the Listing Agreement requirements. Half-yearly report is not sent to each of the shareholders as the financial results of the Company are published in News papers.
- b) The Financial Results or the official news of the Company are not displayed in any Website of the Company. They are sent to Electronic Data Information and Retrieval (EDIFAR).
- c) The Company has not made any presentations to any Institutional Investors/Analysts during the last financial year.
- d) Shareholders may send their grievances for redressal, to the Company's Email address given below.

**XIII. General Shareholder Information:**

- |                           |   |   |
|---------------------------|---|---|
| a) Annual General Meeting | : | 29th Annual General Meeting   |
| Date                      | : | 18th September, 2009  |
| Time                      | : | 10.00 A.M.  |
| Venue                     | : | "Bhaskara Auditorium", Birla Museum<br>Adarsh Nagar, Hyderabad - 500 063  |
| b) Financial Year         | : | 1st April to 31st March   |
| c) Date of Book Closure   | : | 12th September, 2009 to 18th September, 2009<br>(Both days inclusive)   |
| d) Dividend Payment       | : | Within 30 days from the date of declaration   |
| e) Registered Office      | : | DECCAN CEMENTS LIMITED<br>6-3-666/B, "Deccan Chambers"<br>Somajiguda, HYDERABAD - 500 082.<br><b>Email:</b> secretarial@deccancements.com |

- f) Listing on Stock Exchanges : a) The Bombay Stock Exchange Limited, Phiroj Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001.
- b) The National Stock Exchange Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra East, MUMBAI - 400 051
- g) Code : BSE : 502137  
NSE : DECCANCE

- h) **Market Price Data** : **Bombay Stock Exchange Limited (BSE)**  
**National Stock Exchange Limited (NSE)**

Year and Month	High (Rs.)		Low (Rs.)	
	BSE	NSE	BSE	NSE
<b>2008</b> APRIL	333.00	325.00	240.00	240.00
MAY	290.00	341.90	248.00	251.00
JUNE	258.35	254.30	211.05	215.00
JULY	234.45	235.00	200.00	200.00
AUGUST	246.00	257.95	215.00	218.05
SEPTEMBER	224.75	224.95	170.45	175.00
OCTOBER	188.00	188.00	111.80	110.00
NOVEMBER	143.35	149.80	110.00	109.00
DECEMBER	150.00	161.95	109.25	105.50
<b>2009</b> JANUARY	151.50	149.90	120.00	125.40
FEBRUARY	140.00	143.95	120.20	120.00
MARCH	136.40	134.10	117.55	117.00

- i) **Address of Registrars (both for Physical and Dematerialised) and Share Transfer Agents:**

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

- j) **Share Transfer System:**

Transferred Securities in physical form are 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, 2009**

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
0001 - 5000	4,341	89.71	573,577	8.19
5001 - 10000	250	5.17	199,327	2.85
10001 - 20000	110	2.27	171,909	2.45
20001 - 30000	39	0.81	99,624	1.42
30001 - 40000	13	0.27	45,401	0.65
40001 - 50000	21	0.43	99,403	1.42
50001 - 100000	20	0.41	146,088	2.09
100001 and above	45	0.93	56,68,421	80.93
		<b>100.00</b>	<b>70,03,750</b>	<b>100.00</b>

**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, 2009 - 34,68,039 number of shares were dematerialized with the following depositories :

- |   |                  |
|---|------------------|
| a) National Securities Depositories Limited | 28,27,042 shares |
| b) Central Depository Services Limited      | 6,40,997 shares  |

**Demat ISIN No. INE583C01013**

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

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

**o) Address for correspondence:**

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

- Persons to contact**
- |                                |  |
|--------------------------------|--|
| i) <b>Mr. C Srinivasan</b>     | : General Manager (Legal) & Company Secretary. |
| ii) <b>Mr. K A Padmanabham</b> | : 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, 2009 as envisaged in clause 49 of the Listing Agreement with Stock Exchanges.

Place: Hyderabad  
Date : 23rd June, 2009

**M.B. Raju**  
Executive Chairman

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### **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 on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and 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 management that there were no transactions of material nature with the management or by relatives that may have potential conflict with the interest of the company at large.

The Share Transfer Agent of the company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and that there are no complaints pending as at the year end as stated under serial No.III-B-VII of the Company's report on Corporate Governance.

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

**ANIL KUMAR MEHTA**  
PARTNER  
Membership No.14284

Place: Hyderabad  
Date : 29th July, 2009

## Auditors' Report

To  
The Members of  
DECCAN CEMENTS LIMITED

We have audited the attached Balance sheet of Deccan Cements Limited, as at March 31, 2009, 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 as amended by the Companies (Auditor's Report) Order, (Amendment) 2004 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 matters 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 it 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, 2009 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2009 from being appointed as Director in terms of Clause (g) of Sub-section (1) 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 read with "Significant Accounting Policies" and notes thereon 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, 2009;
  - 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 flows of the Company for the year ended on that date.

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

**Anil Kumar Mehta**

Partner

Place : Hyderabad

Date : 23rd June, 2009

Membership No. **14284**

**ANNEXURE TO THE AUDITOR'S 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) According to the information and explanations given to us, the management has conducted physical verification of major fixed assets during the year, which in our opinion is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the company has not disposed off substantial part of fixed assets hence, reporting on the going concern status in this regard does not arise.
- 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) a) According to the information and explanations given to us, the company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (b), (c) and (d) of clause (iii) of this Order are not applicable.
- e) According to the information and explanations given to us, the company has taken unsecured loans from other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period and the outstanding balances of said loans aggregated to Rs. 609.41 Lakhs and Rs. 609.41 Lakhs respectively.
- f) The rate of interest and other terms and conditions of unsecured loans taken by the company, are not prima facie prejudicial to the interest of the company; and
- g) Payment of the principal amount and interest are regular.
- 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 explanations given to us, there has been no continuing failure to correct major weaknesses in internal control system during the year.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 in respect of other parties are reasonable.
- 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) On the basis of records produced to us, we are of the opinion that, prima facie the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, have been maintained. However, we are not required to and, have not carried out any detailed examination of such accounts and records.
- 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, 2009 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, and Cess as at March 31, 2009 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 Lakhs.	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. CIT (appeals). Hyderabad.
	Disallowance of deduction claimed u/s 80 I (A).	2006-07	359.03	
Andhra Pradesh General Sales Tax Act,/VAT Act.	Sales tax on packing materials	1993-94	11.52	High Court of Andhra Pradesh
	Sales tax on transfer of clinker from cement division to slag division	2001-02 2005-06	9.30 306.14	High Court of A.P. High Court of Andhra Pradesh
	Dispute on input tax credit on coal	2004-05	16.13	High Court of Andhra Pradesh
	Sales tax demand for the deemed excess production based on energy audit	1999-2000 & 2000-01	85.68	Deputy Commissioner (Appeals) Hyderabad
AP Transmission Corporation	Difference in voltage surcharge charged by AP Transco	1999-2000	42.33	High Court of Andhra Pradesh
Irrigation and CAD Department	Dispute on water rates levied on the quantum of water used in the generation of power.	1997-98 To 2007-08	723.29	High Court of Andhra Pradesh
AP Electricity Duty (Amendment) Act, 1939	Dispute on duty levied by AP Govt. on electricity generated and consumed.	2003-04 To 2008-09	316.23	High Court of Andhra Pradesh

- x) The Company has no accumulated losses as on March 31, 2009. 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) The company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of clause 4(xiii) of this Order are not applicable to the company.
- 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.
- xx) The company has not raised any money by public issue during the year.
- 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

**Anil Kumar Mehta**

Partner

Place : Hyderabad

Date : 23rd June, 2009

Membership No. 14284

**Balance Sheet as at 31st March,2009**

	Schedule	As at 31st March,2009		As at 31st March,2008	
		Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	I	<b>700.38</b>		700.38	
Reserves and Surplus	II	<b>16405.02</b>		<u>13227.86</u>	13928.24
			<b>17105.40</b>		
<b>LOAN FUNDS</b>					
Secured Loans	III	<b>30120.51</b>		14365.84	
Unsecured Loans	IV	<b>2464.19</b>		<u>1869.50</u>	
			<b>32584.70</b>		16235.34
Deferred Tax Liability (Net)			<b>3219.56</b>		<u>1772.08</u>
<b>TOTAL</b>			<b><u>52909.66</u></b>		<u>31935.66</u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	V	<b>46227.16</b>		13670.89	
Less : Depreciation		<b>6806.13</b>		<u>6108.11</u>	
Net Block		<b>39421.03</b>		7562.78	
Capital work-in-progress	VI	<b>8736.80</b>		<u>19832.86</u>	27395.64
			<b>48157.83</b>		5.90
INVESTMENTS	VII		<b>11.02</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
<b>A. CURRENT ASSETS</b>					
Inventories		<b>2279.12</b>		937.60	
Banked Energy		<b>23.47</b>		36.41	
Sundry Debtors		<b>253.66</b>		99.66	
Cash and Bank Balances		<b>1163.39</b>		3858.43	
<b>B. Loans and Advances</b>		<b>10028.13</b>		<u>5330.69</u>	
		<b>13747.77</b>		<u>10262.79</u>	
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>					
<b>A. Current Liabilities</b>					
		<b>4697.54</b>		1956.22	
<b>B. Provisions</b>					
		<b>4532.18</b>		<u>3817.84</u>	
		<b>9229.72</b>		<u>5774.05</u>	
Net Current Assets			<b>4,518.05</b>		4,488.73
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	X		<b>222.76</b>		45.39
Significant Accounting Policies & Notes to the Accounts	XV				
<b>TOTAL</b>			<b><u>52909.66</u></b>		<u>31935.66</u>

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

**Anil Kumar Mehta**  
Partner  
Membership No. 14284

Place : Hyderabad  
Date : 23rd June, 2009

**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, 2009**

	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
<b>INCOME</b>				
Sales	XI	<b>23894.45</b>	24655.01	
Less : Excise Duty & VAT		<b>5338.45</b>	<b>5853.79</b>	18801.23
Dividend on Investments		<b>0.49</b>		4.57
Profit on Sale of Fixed Assets		<b>-</b>		1.73
Other Income	XII	<b>147.03</b>		297.31
		<b>18703.52</b>		<b>19104.84</b>
<b>EXPENDITURE</b>				
Manufacturing, Administration, Selling and Other Expenses	XIII	<b>12287.11</b>	11242.92	
Interest & Finance Charges		<b>457.53</b>	115.75	
Stock Variation	XIV	<b>(269.48)</b>	<b>(147.05)</b>	
Depreciation	V	<b>698.01</b>	580.62	
		<b>13173.17</b>		<b>11792.24</b>
Profit before tax & prior period items		<b>5530.35</b>		7312.60
Prior year's adjustments (Net)		<b>(2.33)</b>		<b>(0.70)</b>
Profit before tax & after prior period items		<b>5528.02</b>		7311.90
Provision for				
Current Tax		<b>626.27</b>		2271.35
Deferred Tax		<b>1447.48</b>		222.32
Fringe Benefit Tax		<b>12.01</b>		12.29
Prior Years Tax adjustments		<b>19.01</b>		9.35
Wealth Tax		<b>0.27</b>		-
Net Profit after Tax		<b>3422.98</b>		4796.59
Balance brought forward from previous year		<b>8428.55</b>		4357.43
Profit available for appropriation		<b>11851.53</b>		<b>9154.02</b>
<b>APPROPRIATIONS</b>				
Transfer to General Reserve		<b>342.30</b>		479.65
Provision for Dividend		<b>210.11</b>	210.11	
Corporate Dividend Tax		<b>35.71</b>	35.71	
		<b>245.82</b>		245.82
Balance carried to Balance Sheet		<b>11263.41</b>		8428.55
Significant Accounting Policies & XV Notes to the Accounts		<b>11851.53</b>		<b>9154.02</b>
Additional Information: Basic and Diluted EPS (Equity Shares of face value of Rs. 10/- each) Earnings considered is Net Profit after Tax Rs.3422.98 Lakhs (Previous Year Rs.4796.59 Lakhs) and Number of shares considered is 70.04 Lakhs (Previous Year 70.04 Lakhs) for Basic and Diluted EPS. (as per Accounting Standard - 20.)		<b>48.87</b>		68.49

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

**Anil Kumar Mehta**  
Partner  
Membership No. 14284

Place : Hyderabad  
Date : 23rd June, 2009

**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 31.03.2009**

	Year Ended 31st March 2009		Year Ended 31st March 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit/(Loss) Before Tax and Prior period items	5530.35		7312.60	
Adjustments for :				
Depreciation	698.01		580.62	
Miscellaneous Expenses Written Off	3.13		3.13	
Interest and Finance charges	457.53		56.99	
Dividends Received	(0.49)		(4.57)	
Interest Income	(45.03)		(160.41)	
Profit on Sale of Fixed Assets	-		(1.73)	
Profit on Sale of Investments	-		(66.11)	
Operating Profit Before Working Capital Changes	6643.50		7720.52	
Changes in Working Capital				
(Increase)/Decrease in Inventories	(1341.52)		(379.62)	
(Increase)/Decrease in Banked Energy	12.94		6.30	
(Increase)/Decrease in Sundry Debtors	(154.00)		45.51	
(Increase)/Decrease in Loans and Advances	(3980.51)		(764.97)	
Increase/(Decrease) in Current Liabilities	2798.12		853.82	
Cash Generated from Operations	3978.53		7481.56	
Direct Taxes Paid	(716.94)		(2283.65)	
Cash Flow before Prior period Items	3261.59		5197.91	
Prior Year Income/(Expenditure)	(2.33)		(0.70)	
Net Cash Flow from Operating Activity		3259.26		5197.21
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Inflow/(Outflow)				
Dividends received	0.49		4.57	
Interest received	45.03		160.41	
Purchase of Fixed Assets	(32556.27)		(962.78)	
(Increase)/Decrease in Capital Work in Progress	11096.06		(19243.11)	
Purchase of Land - (for Afforestation)	(180.50)		-	
Purchase of Investments	(8.12)			
Sale of Investments	3.00		1091.11	
Sale of Fixed Assets	-		3.08	
Net Cash Flow from Investing Activities		(21600.31)		(18946.72)
Carried forward		(18341.05)		(13749.51)

**Cash Flow Statement for the Year Ended 31.03.2009 (Contd.)**

	Year Ended		Year Ended	
	31st March 2009		31st March 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
Brought forward		(18341.05)		(13749.51)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Inflow/(Outflow)				
Dividend Paid (Including Dividend Tax)	(245.82)		(245.82)	
Proceeds from Long Term Borrowings	594.69		266.66	
Repayment of Long Term Borrowings	-		(28.75)	
Long Term Loan Borrowings	14622.96		13120.66	
Interest Paid	(457.53)		(56.99)	
Increase/(Decrease) in Interest Accrued on	-		-	
Increase/(Decrease) in Cash Credit utilisation	1131.71		226.46	
Net Cash Flow from Financing Activities		<u>15646.01</u>		<u>13282.22</u>
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:</b>		(2695.04)		(467.29)
Cash and Cash Equivalents as at the commencement of the year		<u>3858.43</u>		<u>4325.72</u>
Cash and Cash Equivalents as at the close of the year		<u>1163.39</u>		<u>3858.43</u>
(includes Funds not available for use - Margin Money Rs. 97.18 Lakhs, Unclaimed Dividend Rs.16.51 Lakhs)				

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

**Anil Kumar Mehta**  
Partner  
Membership No. 14284

Place : Hyderabad  
Date : 23rd June, 2009

**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, 2009		As at 31st March, 2008	
	Rs.in Lakhs		Rs.in Lakhs	
<b>Authorised Capital</b>	<b>1000.00</b>		<b>1000.00</b>	
1,00,00,000 Equity Shares of Rs.10/- each				
Issued and Subscribed	<b>700.38</b>		<b>700.38</b>	
70,03,750 Equity Shares of Rs.10/-each - fully paid				

(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.)

### Schedule II: Reserves and Surplus

	As at 31st March, 2009		As at 31st March, 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
Capital Reserve				
as per last Balance Sheet		<b>40.24</b>		40.24
Power Subsidy				
as per last Balance Sheet		<b>99.28</b>		99.28
Securities Premium Account				
as per last Balance Sheet		<b>1250.14</b>		1250.14
General Reserve				
as per last Balance Sheet	<b>3409.65</b>		2930.00	
Add : Transfer from Profit and Loss Account	<b>342.30</b>		<b>479.65</b>	
		<b>3751.95</b>		3409.65
Profit and Loss Account				
Balance as per Annexed Account		<b>11263.41</b>		8428.55
<b>TOTAL</b>		<b>16405.02</b>		<b>13227.86</b>

**Schedule III: Secured Loans**

	<u>As at 31st March, 2009</u>		<u>As at 31st March, 2008</u>	
	<u>Rs.in Lakhs</u>	<u>Rs.in Lakhs</u>	<u>Rs.in Lakhs</u>	<u>Rs.in Lakhs</u>
State Bank of India (instalments due within one year Rs.232.00 Lakhs previous year Rs.Nil Lakhs)	<b>5,800.00</b>		4,145.12	
Andhra Bank (instalments due within one year Rs.292.00 Lakhs previous year Rs Nil Lakhs)	<b>7,222.67</b>		2,996.46	
State Bank of Hyderabad (instalments due within one year Rs.200.00 Lakhs previous year Rs.Nil Lakhs)	<b>4794.82</b>		1884.73	
State Bank of Mysore (instalments due within one year Rs.120.00 Lakhs previous year Rs.Nil Lakhs)	<b>2912.74</b>		1399.41	
State Bank of Sourashtra (instalments due within one year Rs.80.00 Lakhs previous year Rs.Nil Lakhs)	<b>1976.83</b>		758.51	
Indian Bank (instalments due within one year Rs. 200.00 Lakhs previous year Rs.Nil Lakhs)	<b>4771.40</b>		1936.43	
Interest Accrued and Due	<b>265.16</b>		—	
		<b>27743.62</b>		13120.66
Cash Credit from:				
State Bank of India	<b>1824.36</b>		759.17	
Andhra Bank	<b>552.53</b>		486.01	
		<b>2376.89</b>		1245.18
<b>TOTAL</b>		<b>30120.51</b>		<b>14365.84</b>

**Schedule IV: Unsecured Loans**

	<u>As at 31st March, 2009</u>		<u>As at 31st March, 2008</u>	
		<u>Rs.in Lakhs</u>		<u>Rs.in Lakhs</u>
Sales Tax Deferral Loan		<b>1854.78</b>		<b>1745.83</b>
Fixed Deposits (due within one year Rs. 32.44 Lakhs previous year Rs. 15.23 Lakhs) (includes Accrued Interest Rs. 31.73 Lakhs Previous Year Rs. 0.44 Lakhs )		<b>609.41</b>		<b>123.67</b>
<b>TOTAL</b>		<b>2464.19</b>		<b>1869.50</b>



**Schedule V: Fixed Assets**

Rs.in Lakhs

Description	GROSS BLOCK – AT COST				DEPRECIATION			NET BLOCK		
	As at 31st March 2008	Additions During the year	Deductions/ Adjustments during the year	As at 31st March 2009	Upto 31st March 2008	For the year	Deductions/ adjustments during the year	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
Freehold Land	64.08	1366.98	-	1431.06	-	-	-	-	1431.06	64.08
Buildings	1681.80	708.54	-	2390.34	500.04	59.02	-	559.06	1831.28	1181.76
Plant & Machinery	11628.49	30453.75	-	42082.24*	5,404.99	615.31	-	6,020.30	36061.94	6223.50
Other Equipment	12.05	2.14	-	14.19	9.67	0.33	-	10.00	4.20	2.38
Furniture & Fixtures	60.82	9.39	-	70.21	50.07	2.14	-	52.21	18.00	10.75
Office Equipment	111.21	12.52	-	123.73	83.20	7.76	-	90.96	32.77	28.01
Vehicles	112.44	2.95	-	115.39	60.15	13.45	-	73.60	41.78	52.30
<b>TOTAL</b>	<b>13670.89</b>	<b>32556.27</b>	<b>-</b>	<b>46227.16</b>	<b>6108.12</b>	<b>698.01</b>	<b>-</b>	<b>6806.13</b>	<b>39421.03</b>	<b>7562.78</b>
Total of Previous Year	12716.33	962.78	8.22	13670.89	5534.36	580.62	6.86	6108.12	7562.78	7181.97

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

**Schedule VI: Capital Work-in-Progress**

	As at 31st March, 2009		As at 31st March, 2008	
	Rs.in Lakhs		Rs.in Lakhs	
Works in progress - Civil & Others	7533.65		6403.57	
Advance on Capital Account	362.53		12397.99	
Pre operative Expenses (Vide Annexure 1)	840.62		1031.30	
<b>TOTAL</b>	<b>8736.80</b>		<b>19832.86</b>	

**Schedule VII: Investments**

	As at 31st March, 2009		As at 31st March, 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
Long Term Investments (At Cost )				
<b>a) Quoted - Fully Paid</b>				
Industrial Development Finance Corporation Ltd (884 Equity Shares of Rs.10/- each)	0.30		0.30	
Biocon Ltd 300 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		0.26	
<b>TOTAL (A)</b>		<b>2.80</b>		<b>2.80</b>
<b>b) Unquoted - Fully paid</b>				
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	
<b>TOTAL (B)</b>		<b>0.10</b>		<b>3.10</b>
<b>C) Investments in Land</b>		<b>8.12</b>		<b>—</b>
<b>TOTAL (a + b + c)</b>		<b>11.02</b>		<b>5.90</b>
Aggregate Market value of quoted investments		<b>5.69</b>		<b>7.28</b>

**Annexure - 1**  
(to Schedule VI Balance Sheet)

**PRE-OPERATIVE EXPENDITURE**

Rs. in Lakhs

PARTICULARS	2008-09	2007-08
Opening balance at the beginning of the year	<b>1031.30</b>	-
Expenditure incurred during the year:		
AP Transco 132 KV Switch Yard	<b>41.56</b>	-
Demand charges on Power	<b>51.50</b>	-
Staff Salaries and Allowances	<b>77.36</b>	44.04
Rent, Rates & Taxes	<b>(104.67)</b>	118.09
Vehicle maintenance	<b>2.93</b>	-
Repairs	<b>21.35</b>	-
Electrical maintenance	-	100.91
House keeping & Office maintenance	-	0.47
Insurance	<b>4.71</b>	41.58
Hire Charges	<b>209.28</b>	39.64
Travelling & Conveyance	-	7.99
Printing & Stationery	<b>0.27</b>	1.23
Postage, telephone, telex	<b>1.34</b>	-
Recruitment expenses	<b>0.21</b>	-
Advertisement & Business Promotion	<b>0.96</b>	0.43
Testing, marking & others	<b>3.53</b>	0.63
Legal & Professional charges	<b>107.00</b>	190.70
Security services	<b>19.71</b>	-
License fees	<b>0.45</b>	0.82
Rest house expenditure	<b>3.25</b>	-
Miscellaneous expenses	<b>2.54</b>	0.11
Bank charges	<b>(55.10)</b>	171.88
Interest on Term Loan	<b>2502.14</b>	312.78
Cement	<b>20.48</b>	-
Cost of Coal for Trial Runs	<b>101.11</b>	-
Power charges	<b>40.19</b>	-
Maintenance charges - CPP	<b>14.50</b>	-
Vehicle maintenance	<b>124.24</b>	-
<b>Total</b>	<b>4222.14</b>	1031.30
LESS CAPITALISED DURING THE YEAR	<b>3381.52</b>	-
<b>BALANCE TO BE CAPITALIZED</b>	<b>840.62</b>	1031.30

**Schedule VIII: Current Assets, Loans and Advances**

	As at 31st March, 2009			As at 31st March, 2008		
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
<b>A. Current Assets</b>						
a) Inventories						
Finished Goods		80.17			85.29	
Work-in-Process		468.46			193.86	
Raw Materials		303.80			150.35	
Packing Materials		66.09			62.97	
Other Materials		986.84			151.20	
Stores and Spares		373.76			293.93	
			2279.12			937.60
b) Banked Energy			23.47			36.41
c) Sundry Debtors - Unsecured						
Debts outstanding for a period exceeding six months - considered Good:		21.12			16.31	
considered bad and doubtful	-			7.88		
Less: Written off during the year	-			7.88		
		21.12			16.31	
Other debts - considered good		232.54			83.35	
			253.66			99.66
d) Cash and Bank balances						
Cash on hand		4.50			4.63	
Balances with Scheduled Banks:						
- In Current Accounts	1008.70			2644.22		
- In Deposit Accounts (including margin money deposit of Rs.97.18 Lakhs (PY Rs.324.80 Lakhs))	150.19	1158.89	1163.39	1209.58	3853.80	3858.43
			3719.64			4932.10



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

	As at 31st March, 2009			As at 31st March, 2008		
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
<b>B. Loans and Advances-Unsecured Considered Good :</b>						
a) Advances recoverable in cash or in kind or for value to be received						
Advances for purchase of Raw Materials and Coal		2741.65			707.96	
Advances for purchase of Stores and Spare parts		131.66			61.52	
Advances to Employees		6.98			8.68	
Other Advances		1937.10			661.90	
Prepaid Expenses		61.87			17.96	
Tax deducted at source		80.33			61.14	
Advance Income Tax		4317.18			3619.44	
Deposits						
- Central Excise	4.75			17.28		
- Others	731.54			162.61		
		736.29			179.89	
		10013.06			5318.49	
b) Interest accrued		15.07			12.20	
			10028.13			5330.69
<b>TOTAL</b>			<b>13747.77</b>			<b>10262.79</b>

**Schedule IX: Current Liabilities and Provisions**

	As at 31st March, 2009			As at 31st March, 2008		
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
<b>A. Current Liabilities</b>						
Sundry Creditors :						
Micro, Small and Medium Enterprises		-			-	
(Includes on Capital a/c NIL (Previous Year Nil))						
Others (includes on Capital A/c Rs. 970.81 Lakhs, Previous Year Rs. 15.17 Lakhs)	<u>2684.72</u>			<u>526.67</u>		
Expenses		<u>2684.72</u>			<u>526.67</u>	
		<u>1147.08</u>			<u>934.85</u>	
Advances/Deposits from Stockists and Others		<u>805.29</u>			<u>464.21</u>	
Unclaimed Dividend		<u>16.51</u>			<u>16.34</u>	
Other liabilities		<u>43.94</u>			<u>14.15</u>	
			<u>4697.54</u>			<u>1956.22</u>
<b>B. Provisions</b>						
For Taxation		<u>4145.54</u>			<u>3487.98</u>	
For Proposed Dividend		<u>210.11</u>			<u>210.11</u>	
For Dividend Tax		<u>35.71</u>			<u>35.71</u>	
For Leave Encashment		<u>51.27</u>			<u>31.84</u>	
For Gratuity		<u>89.55</u>			<u>52.20</u>	
			<u>4532.18</u>			<u>3817.84</u>
<b>TOTAL</b>			<u>9229.72</u>			<u>5774.05</u>

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

	As at 31st March, 2009		As at 31st March, 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
Compensatory Land for afforestation As per last Balance Sheet	<u>20.84</u>		<u>22.53</u>	
Add: Additions during the year	<u>180.50</u>		<u>-</u>	
	<u>201.34</u>		<u>22.53</u>	
Less: Written off during the year	<u>1.69</u>		<u>1.69</u>	
		<u>199.65</u>		<u>20.84</u>
Freehold Land for Mining	<u>24.55</u>		<u>25.99</u>	
Less: Written off during the year	<u>1.44</u>		<u>1.44</u>	
		<u>23.11</u>		<u>24.55</u>
<b>TOTAL</b>		<u>222.76</u>		<u>45.39</u>

**Schedule XI: Sales**

	Year ended 31st March, 2009	Year ended 31st March, 2008
	Rs.in Lakhs	Rs.in Lakhs
Cement Sales	22298.79	23687.19
Clinker Sales	3320.70	2120.27
Income from Power Generation (Net of wheeling and banking charges)	1104.29	967.82
<b>TOTAL</b>	<b>26723.78</b>	<b>26775.28</b>
Less: Internal transfers	2829.33	2120.27
	<b>23894.45</b>	<b>24655.01</b>

**Schedule XII: Other Income**

	Year ended 31st March, 2009	Year ended 31st March, 2008
	Rs.in Lakhs	Rs.in Lakhs
Scrap Sales	75.33	54.70
Interest - Bank deposits (TDS Rs.7.64 Lakhs, Previous year Rs.31.07 Lakhs)	24.88	104.80
Other Interest (TDS Rs. 2.50 Lakhs, Previous year Rs.1.51 Lakhs)	20.15	55.61
Rent (TDS Rs.1.03 Lakhs, Previous year Rs.1.95 Lakhs)	4.54	8.85
Profit on Sale of Investments	-	66.11
Bad Debts Write Back	13.25	3.29
Miscellaneous Income	8.88	3.95
<b>TOTAL</b>	<b>147.03</b>	<b>297.31</b>

**Schedule XIII: Manufacturing, Administration, Selling and Other expenses**

	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
<b>Consumption of Raw Materials</b>				
Consumption of Raw Materials (Includes Royalty and other levies of Rs.354.00 Lakhs, previous year Rs. 333.60 Lakhs)	<b>4863.99</b>		4087.69	
Less: Internal transfers	<b>2829.33</b>		2120.27	
		<b>2034.66</b>		1967.42
<b>Consumption of Stores and Spares</b>		<b>1065.83</b>		578.45
Power and Fuel				
Power	<b>1816.58</b>		1863.10	
Coal	<b>3580.93</b>		2279.19	
Diesel	<b>80.20</b>		48.01	
		<b>5477.71</b>		4190.30
<b>Salaries, Wages and Benefits</b>				
Salaries, Wages and Bonus	<b>825.33</b>		705.54	
Contribution to Provident and Other funds	<b>106.08</b>		70.83	
Workmen and Staff Welfare Expenses	<b>84.44</b>		65.60	
		<b>1015.85</b>		841.97
<b>Repairs and Maintenance</b>				
Buildings	<b>13.20</b>		10.64	
Plant and Machinery	<b>214.29</b>		191.58	
Vehicles	<b>17.15</b>		15.85	
Others	<b>66.78</b>		55.02	
		<b>311.42</b>		273.09
Carried forward		<b>9905.47</b>		7851.23

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

	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
Brought forward		9905.47		7851.23
<b>Administration Expenses</b>				
Travelling and Conveyance	66.74		58.52	
Directors' Travelling and Conveyance	8.58		10.20	
Directors' Foreign Travel	-		2.59	
Directors' sitting fees	0.33		0.42	
Printing and Stationery	10.50		12.03	
Communication Expenses	18.24		17.83	
Legal and Professional charges	58.82		59.53	
Insurance	25.60		32.29	
Auditors' Remuneration	4.53		4.60	
Staff Recruitment and Training	5.69		3.44	
Rent	16.43		14.04	
Rates and Taxes	33.98		31.73	
Donations	11.92		2.55	
Sundry Expenses	84.90		80.01	
		346.26		329.78
<b>Selling Expenses</b>				
Consumption of Packing Materials	721.32		741.24	
Advertisement and Publicity	27.30		42.39	
Freight, Packing and Forwarding charges	968.06		2062.11	
Testing and Marking fees	2.51		4.10	
Commission on Sales	58.76		56.63	
Other Selling expenses	254.30		144.43	
		2032.25		3050.90
Miscellaneous Expenditure Written Off		3.13		3.13
Bad Debts Written Off	-		11.48	
Less: Transfer from Provisions	-		3.60	
		-		7.88
<b>TOTAL</b>		<b>12287.11</b>		<b>11242.92</b>

**Schedule XIV: Stock Variation**

	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
Work-in-Process				
Opening Stock	193.86		61.00	
Closing Stock	468.46		193.86	
		(274.60)		(132.86)
Finished Goods				
Opening Stock	85.29		71.10	
Closing Stock	80.17		85.29	
		5.12		(14.19)
		(269.48)		(147.05)

## **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 recognizes 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) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### **c) 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, is 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 reassessment in the subsequent years.

#### **d) 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.

#### **e) 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.

#### **f) Miscellaneous Expenditure:**

Cost of compensatory land (intangibles) transferred to Government of Andhra Pradesh in lieu of forest land diverted for mining and free hold land for mining is amortized over the tenure of the Mining lease.

#### **g) Inventory Valuation**

- i) Raw Materials, Coal, Stores & Spares and Packing Materials: At Weighted average Cost
- ii) Materials in Transit : At Cost

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

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.

### h) 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.

### i) 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.

### j) Internal Consumption:

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

### k) 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

### l) 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.

### m) 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.

n) **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.

o) **Contingencies:** 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.

**Schedule XV: Notes to the Accounts (Contd...)**
**2. Contingent Liabilities**

	Rs. in Lakhs	
	Current Year	Previous Year
a) Other monies for which the company is contingently Liable:		
i) Counter Guarantee.	<b>963.33</b>	<b>5500.63</b>
ii) Claims for non supply of cement by company's agent for the year 1995-96 Pending in High Court of Andhra Pradesh.	<b>5.52</b>	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.	<b>6.83</b>	6.83
b) <b>Income Tax:</b>		
i) 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.	<b>6.46</b>	6.46
ii) For the Asst. Year 06 - 07 towards disallowance of deduction claimed u/s 80 I (A). Matter pending with CIT (appeals).	<b>359.03</b>	-
c) <b>Sales Tax:</b>		
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.	<b>11.52</b>	11.52
ii) Regarding sales tax on transfer of clinker from cement division to slag division for the year 2001-02 and 2005-06. The matter is pending in appeal before the Sales Tax Tribunal and stay has been obtained on payment of 50% of the disputed demand.	<b>315.44</b>	315.44
d) Difference in voltage surcharge charged by AP Transco Rs.42.33 Lakhs for the year 1999-2000 for which writ petition filed in the High Court of Andhra Pradesh and stay obtained. (Total liability Rs. 84.66 Lakhs).	<b>42.33</b>	42.33
e) Wheeling charges at Rs.0.45 charged by APCPDCL for the year 2004-05 and 2005-06 towards wheeling of energy generated in the company's Hydel & Wind units for which writ petition filed in the High Court of Andhra Pradesh and stay obtained - settled in favour of the Company in 2008-09.	-	221.54



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

f) Difference in banked energy for the year 2004-05 and 2005-06 with APCPDCL of energy generated in the company's Hydel & Wind units for which writ petition filed in the High Court of Andhra Pradesh and stay obtained - settled in favour of the Company.	-	10.41
g) Input Tax Credit on coal for the year 2004-05 was withdrawn by the AP Govt. with retrospective effect which was challenged by the company in A P High Court. 50 % of the amount demanded was deposited by the company. (Total Liability Rs. 32.27 Lakhs).	<b>16.13</b>	16.13
h) Sales Tax Deferment for the year 2001-02 on the additional products manufactured, amounting to Rs. 168.97 Lakhs stayed by the AP High Court.	<b>168.97</b>	168.97
i) Sales Tax Demand for the deemed excess production based on the Energy Audit for the years 1999-2000 and 2000-01.	<b>85.68</b>	85.68
j) The A.P. Government issued a G.O. Ms. No 391 levying water Rates on the quantum of water used in the generation of power and demanded payment of Rs. 723.29 Lakhs for the period 1997 to February 2008. Appeal is pending in the High Court.	<b>723.29</b>	723.29
k) Duty on Electricity generated and consumed was levied by the AP Government at 25 paise per unit for the years 2003-04 to 2008-09. The High court has stayed the operation of AP Electricity Duty Amendment Act, 2003 but asked to submit monthly returns of generation of power.	<b>316.23</b>	316.23
l) Estimated amount of contracts to be executed on capital account and not provided for (net of advances).	<b>Nil</b>	15938.82

**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.

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

- ii) The Term Loans are further secured by the personal guarantee 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, dt.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 Rs. 1631.54 Lakhs (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. 108.95 Lakhs (Previous year Rs. 257.67 Lakhs). The Sales Tax so deferred aggregating to Rs. 1108.80 Lakhs (previous year Rs. 999.85 Lakhs)
- (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 Lakhs (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 Lakhs and the balance period has also been doubled. Accordingly the Company is eligible to avail this deferment amount of Rs.745.98 Lakhs within a period of 8 years w.e.f 01.04.2005 till 31.03.2013.

5. The amount of borrowing cost capitalized during the year is Rs.2814 .92 Lakhs (Land Nil, Buildings Rs. 141.57 Lakhs ,Plant & Machinery Rs. 2669.57 Lakhs and Others Rs.3.78 Lakhs) (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) Defined Benefit Plan**

- a) Liability for gratuity as on March 31,2009 is Rs. 166.30 Lakhs (31.03.2008 - Rs.119.53 Lakhs) of which Rs.76.75 Lakhs (31.03.08 Rs. 60.73 Lakhs) 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 are certified by the actuary.

Particulars	Gratuity Rs. in Lakhs		Compensated Absences Rs. in Lakhs	
	2008-09	2007-08	2008-09	2007-08
<b>(A) Net Assets/(Liability) recognised in the balance sheet As at 31st March,2008</b>				
Present Value of Obligation	166.30	119.53	-	-
Fair Value of Plan Assets Liability/(Assets)	(76.75)	(60.73)	-	-
Unrecognised past service Cost	Nil	Nil	-	-
Liability/(Assets) recognised in the Balance Sheet	89.55	58.79	51.27	31.84
<b>(B) Component of Employer's Expenses</b>				
Current Service Cost	7.84	-	-	-
Interest Cost	10.44	-	-	-
Expected Return on Plan Assets	(4.62)	-	-	-
Net Actuarial Gain/(Loss) recognised in the Year	33.85			
Past Service Cost	-	-	-	-
Expenses Recognised in the Profit and Loss Account	47.51	-	-	-
<b>Movement in the Net Liability recognised in the Balance Sheet</b>				
Opening Net Liability as on 1st April, 2008	52.20	37.84	31.84	13.76
Expenses recognized in the Profit & Loss a/c.	49.19	21.00	-	-
Employer's contribution	(11.84)	(6.64)	-	-
Payment made to employees on retirement Closing Net Liability as on 31st March, 2009	89.55	52.20	51.27	31.84
<b>Actuarial Assumptions:</b>				
Discount Rate (Per annum) (%)	7.20	8.30	7.20	8.30
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Expected Rate of return on Plan Asset (per annum) (%)	7.50	7.50	-	-
Salary Escalation rate (Per Annum) (%)	6.00	6.00	6.00	6.00
Valuation Method	Projected Unit cost method	Projected Unit cost method	Projected Unit cost method	Projected Unit cost method

Note: Actuarial valuation is worked out considering attrition rate and estimates of future salary increase taking into account, inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### B) Defined contribution plan

Amount recognized as an expense and included in schedule XIII under the head "contribution to provident and other funds" Rs.106.08 Lakhs (Previous year Rs.70.83 Lakhs).

**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.**

	<b>Current Year</b>	Rs.in Lakhs	Previous Year
Profit before Tax	<b>5528.02</b>		7311.90
Add: Directors' Remuneration	<b>951.18</b>	295.70	
Depreciation as per Accounts	<b>698.01</b>	580.62	
	<b>1649.19</b>		876.32
	<b>7177.21</b>		8188.22
Less: Profit on Sale of Investment	-		66.11
Profit on Sale of Fixed Assets	-		1.73
Depreciation u/s 350 of the Companies Act 1956	<b>698.01</b>		580.62
Profit as per Section 349 for the Year	<b>6479.20</b>		7539.76
Commission payable to Managing Director @ 1.50%	<b>86.72</b>		113.10
Commission payable to Executive Chairman @ 1.50%	<b>86.72</b>		113.10
Commission payable to Non - Executive Directors limited to	<b>5.00</b>		5.00
Total	<b>178.44</b>		231.20

**10. Directors' Remuneration :**
**a) To Managing Director**

Salary	<b>18.00</b>	16.80
Accommodation/HRA	<b>12.60</b>	11.76
Provident & Other funds	<b>4.86</b>	4.54
Commission	<b>86.72</b>	113.10
Benefits	<b>5.53</b>	2.42
Gratuity	<b>0.70</b>	0.70
Total	<b>128.41</b>	149.32

**b) To Executive Chairman**

Salary	<b>19.20</b>	18.00
Accommodation/HRA	<b>13.44</b>	12.60
Provident & Other funds	<b>2.30</b>	2.16
Commission	<b>86.72</b>	113.10
Benefits	<b>5.63</b>	2.51
Gratuity	<b>0.75</b>	0.75
Total	<b>128.04</b>	149.12

**c) To Non - Executive Directors**

Commission	<b>5.00</b>	5.00
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**Schedule XV: Notes to the Accounts (Contd...)**

	Current Year		Previous Year
	Rs. In Lakhs		Rs. in Lakhs
<b>11. Auditors' Remuneration</b>			
Audit Fee		2.25	2.25
Certification Work		0.08	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>4.53</u>	<u>4.60</u>

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

	Current Year		Previous Year	
	Quantity (MT)	Rs. In Lakhs	Quantity (MT)	Rs. in Lakhs
<b>a) Turnover:</b>				
<b>i) Cement Division:</b>				
Cement (MT):				
Sale of Cement	255713	9562.07	295755	10892.32
Internal Consumption Cement	782	13.30	291	4.95
		<u>9575.37</u>		<u>10897.27</u>
<b>ii) Slag Cement Division:</b>				
Cement (MT):				
Sale of Cement	344510	12577.81	336141	12552.58
Sale of Clinker	18353	491.37	-	-
Internal Consumption Cement	8566	145.61	13963	237.34
		<u>13214.79</u>		<u>12789.92</u>
<b>iii) Power (KWH):</b>				
- Wind (AP):	2814233	84.97	2914088	89.18
- Wind (TN):	8613760	247.17	5679855	158.04
- Hydel	22971814	762.84	23394837	720.60
- Thermal	343000	9.32	-	-
		<u>1104.30</u>		<u>967.82</u>
Total		<u>23894.46</u>		<u>24654.99</u>
<b>b) Particulars of Raw Materials consumed (Quantity in MT)</b>				
i) Limestone	700582	431.11	707997	440.31
ii) Laterite	-	0.00	1389	6.64
iii) Iron Ore	18374	244.36	10630	116.85
iv) Gypsum	36708	484.06	34538	419.36
v) Fly Ash	60128	316.09	67307	313.85
vi) Clinker	-	-	11443	210.74
vii) Slag*	55319	553.09	56761	459.67
vii) Coal (Thermal)	424	5.95	-	-
Total		<u>2034.66</u>		<u>1967.42</u>

\*Includes inter division transfers.

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

	Current Year		Previous Year	
	Quantity	Rs. In Lakhs	Quantity	Rs. in Lakhs
<b>c) Capacity, Production, Generation and Stocks:</b>				
<b>i) Cement Division (MT)</b>				
Installed Capacity (As certified by the Management & relied upon by the auditors being a technical matter)	297000		297000	
Actual Production	258500		296065	
Opening Stock	289	7.11	278	4.51
Samples and Shortage	8	-	7	-
Closing Stock	2286	41.52	289	7.11
<b>ii) Slag Cement Division (MT)</b>				
Installed Capacity (As certified by the Management & relied upon by the auditors being a technical matter)	500000		500000	
Actual Production	350555	-	350640	-
Opening Stock	4378	78.18	3848	66.59
Samples and Shortage	5	-	5	-
Closing Stock	1851	38.65	4378	78.18
<b>iii) Wind Power (KWH)</b>				
Installed Capacity (As certified by the Management & relied upon by the auditors being a technical matter)	31554000		31554000	
Actual Generation	11475262		8692955	
Less: Wheeling/Banking Charges/ own consumption	138735		126312	
Net Generation	11336527		8566643	
<b>iv) Hydel Power (KWH)</b>				
Installed Capacity (As certified by the Management & relied upon by the auditors being a technical matter)	20740000		20740000	
Actual Generation	21043200		23852800	
Less: Wheeling/Banking Charges/ own consumption	469513		694035	
Net Generation	20573687		23158765	
<b>v) Thermal Power (KWH)</b>				
Installed Capacity (As certified by the Management & relied upon by the auditors being a technical matter)	157680000		-	
Actual Generation	343000		-	

**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 Lakhs	%	Value Rs.in Lakhs	%
<b>Raw Materials</b>				
Imported	-	-	-	-
Indigenous	2034.66	100.00	4087.69	100.00
<b>Stores, Spare Parts and Packing Materials</b>				
Imported	-	-	47.31	3.59
Indigenous	1787.15	100.00	1272.38	96.41
<b>e) Value of Imports (CIF) Import of Capital goods</b>	<b>855.78</b>		34.34	
<b>f) Expenditure in Foreign Currencies:</b>				
Travel	-		4.04	

**13. Deferred Tax: The deferred tax Liability as at 31st March, 2009 includes the following:**

	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
a. Deferred Tax Liability Related to Depreciation and amortisation	3235.26	1787.79
b. Deferred Tax Assets Disallowances U/s 43B of IT Act'1961	(15.70)	(15.71)
	<u>3219.56</u>	<u>1772.08</u>

**14. Accounting Standard 18 - Related Party Disclosure.**
**i) Names of related parties and description of relationships.**

Sl.No. Nature of Relationship	Name of the Related Party
(i) Key Management Personnel (KMP)	a) Mr. M.B. Raju b) Ms. P. Parvathi
(ii) Relatives of KMP	a) Ms. M.Lakshmi b) P. Aishwarya c) P. Anirudh
(iii) Directors	a) Umesh Shrivastava b) D.R.K. Rao c) P. Venugopal Raju d) R.S. Agarwal
(iv) Enterprises in which KMP or relatives having significant influence.	a) DCL Exim Limited. b) Satya Sai Investments and Leasing Limited.



**(ii) Transactions during the year with related parties:**

Sl. No.	Nature of Transactions	(Rs. In Lakhs)			
		Relatives of Key Management Personnel	Management Personnel	Directors	Enterprises in which KMP or relatives having significant influence.
		2008-09	2007-08	2008-09	2007-08
(i)	Rent Paid	-	12.60	-	-
(ii)	Unsecured Loan - deposits taken from	344.50	35.20	-	5.50
(iii)	Remuneration including Commission	256.45	-	5.00	-





**15. Accounting Standard 17 :Segment Reporting**

Rs. in Lakhs

	Cement Plant		Slag Cement Plant		Hydel Power		Thermal Power		Wind Power		Sub total		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	Current Year	Previous Year
<b>PRIMARY DISCLOSURES</b>																
External Revenue	9562.07	10897.27	13069.18	12789.91					247.17	158.04	22878.42	23845.22			22878.42	23845.22
Inter-segment Revenue	13.30	-	145.61	-	762.84	720.60	9.31	-	84.97	89.18	1016.03	809.78	(1016.03)	(809.78)	-	-
Interest & Other Income	75.72	184.10	70.67	119.08	1.13	0.43	-	-	-	0.00	147.51	303.61	-	-	147.52	303.61
Total Revenue	9551.09	11081.37	13285.46	12908.99	763.97	721.03	9.31	-	332.14	247.22	24041.97	24958.61	(1016.03)	(809.78)	23025.94	24148.83
<b>Result</b>																
Segment result	2028.17	2965.82	3197.25	3779.61	641.07	578.00	-22.35	-	141.41	104.22	5985.53	7427.65	-	-	5985.55	7427.65
Less: Interest expenses	181.97	77.35	248.68	38.10	0.02	-	26.86	-	-	0.30	457.53	115.75	-	-	457.53	115.75
Less: Income Tax															626.27	2271.35
Deferred taxation															1447.48	222.32
Prior year taxation															19.01	9.35
FBT															12.01	12.29
Wealth Tax															0.27	
Net Profit/Loss from ordinary activities	1846.20	2888.47	2948.57	3741.51	641.05	578.00	-49.21	-	141.41	104.22	5528.02	7312.20	(2105.04)	(2515.31)	3422.98	4796.59
<b>OTHER INFORMATION</b>																
Segment assets	7641.78	5125.19	38374.11	25514.96	838.28	916.54	8405.72	-	2030.05	2182.12	57289.93	33738.81	-	-	57289.93	33738.81
Unallocable Assets															4626.69	3925.52
Segment Liabilities	5504.43	3007.78	26141.02	15424.19	1.70	80.33	5731.47	-	8.73	9.12	37387.35	18521.42	-	-	37387.35	18521.42
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7646.63	5260.06
Cost to acquire Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32556.27	962.78
Depreciation and amortisation expenses by business segment	213.84	233.72	245.57	150.21	72.23	72.26	18.27	-	151.23	127.56	701.14	583.75	-	-	701.14	583.75

## 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 of 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 : Manufacture of OPC/PPC Cements

Plant II : Manufacture of Slag Cement/  
Blended Cement

Hydel Power : Generation of Power

Wind Power : Generation of Power

Thermal 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 to 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

**Anil Kumar Mehta**

Partner

Membership No. 14284

Place : Hyderabad

Date : 23rd June, 2009

**For and on behalf of the Board**

**M.B. Raju**

Executive Chairman

**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 31.3.2009**

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	:	6213938	Total Assets	:	6213938
Sources of Funds					
Paid-Up Capital	:	70038	Reserves & Surplus	:	1640502
Secured Loans	:	3012051	Unsecured Loans:	:	246419
Deferred Tax Liability	:	321956			
Application of Funds					
Net Fixed Assets	:	4815783	Investments	:	1102
Net Current Assets	:	451805	Misc. Expenditure	:	22276
  
4. Performance of Company (Rs. in Thousands) :
 

Turnover	:	1870352	Total Expenditure	:	1317317
Profit before Tax	:	552802	Profit after Tax	:	342298
Earning per share in Rs.	:	48.87	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



## DECCAN CEMENTS LIMITED

Registered Office : 6-3-666/B, 'DECCAN CHAMBERS',  
Somajiguda, Hyderabad - 500 082.

**ATTENDANCE SLIP**  
To be handed over at the  
entrance of the Meeting Hall

DPID No. * :	L.F.No. :
Client ID No.* :	No. of shares held :

I/We hereby record my/our presence at the Twenty Ninth Annual General Meeting of the Company held on Friday, the 18th day of September, 2009 at 10.00 A.M. at **"Bhaskara Auditorium"**, Birla Museum, Adarsh Nagar, Hyderabad - 500 063.

NAME(S) OF THE SHAREHOLDER(S) (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER(S)	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE PROXY	

**Notes:**

- Shareholder/Proxy, as the case may be, is requested to sign and hand over this slip at the entrance of the Meeting venue.
  - Members are requested to advise the change of their address, if any, to the Company at the above address.
- \* Applicable for Investors holding shares in electronic form.



## DECCAN CEMENTS LIMITED

Registered Office : 6-3-666/B, 'DECCAN CHAMBERS',  
Somajiguda, Hyderabad - 500 082.

**FORM OF  
PROXY**

DPID No. * :	L.F.No. :
Client ID No.* :	No. of shares held :

I/We ..... of ..... being a member/members of DECCAN CEMENTS LIMITED hereby appoint ..... of ..... or failing him/her ..... of ..... as my/our proxy to vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on Friday, the 18th day of September, 2009 at 10.00 A.M. and at any adjournment thereof.

Dated this ..... day of ..... , 2009

Signature \_\_\_\_\_

Affix  
Re.1/-  
Revenue  
Stamp

**Notes:**

- If you intend to appoint a proxy to attend the Meeting instead of yourself the proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
  - A proxy need not be a Member.
- \* Applicable to Investors holding shares in electronic form.

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