

31st Annual Report 2010 - 11



DECCAN CEMENTS LIMITED

Board of Directors

Mr. M.B.Raju	Executive Chairman
Mr. Umesh Shrivastava	
Mr. K.P.Singh	
Mr. P.Venugopal Raju	
Mr. R.S.Agarwal	
Mr. J.Narayanamurthy	
Ms. P.Parvathi	Managing Director

Senior Executives

Mr. L.Jayashankar	President
Mr. G.R.Ram	Sr. Vice President
Mr. M.Krishnam Raju	Sr. General Manager (Marketing)
Mr. M.Rama Krishna	Sr. General Manager (Legal) & Company Secretary
Mr. H.V.Badri Narayana Murthy	General Manager (Finance)
Mr. S.Venkataraman	General Manager (Engineering)

Auditors

M/s. 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: 040-23310561, 040-23310168

NOTICE

Notice is hereby given that the **THIRTY-FIRST ANNUAL GENERAL MEETING** of the Members of **DECCAN CEMENTS LIMITED** will be held on Friday the 12th day of August 2011 at 10.00 A.M. at "Bhaskara Auditorium" Birla Museum, Adarsh Nagar, Hyderabad-500063 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2011, 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. J.Narayana Murthy, who retires by rotation.
4. To resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Mr. R.S Agarwal, who retires by rotation and does not seek 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 up to the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Place: Hyderabad
Date : 30.05.2011

M.RAMA KRISHNA
Sr.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 / herself and such Proxy need not be a member of the Company. Proxies, in order to be effective, should be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- 2) Members are requested to notify immediately of any change in their addresses to the Company's Registered Office with their Folio Number(s).
- 3) The Register of Members and Share Transfer Books of the Company will be closed from 6th August, 2011 to 12th August, 2011 (both days inclusive).
- 4) Payment of dividend on shares, if declared at the meeting, will be made to those members whose names appear on the Company's Register of Members on 12th August, 2011 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 up to and including the Financial Year ended 31st March, 2003.
 - b) Pursuant to the provisions of Section 205A of the Companies Act, 1956 as amended, dividend for the financial year ended 31st March, 2004 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" of the Central Government. Members are advised to write to the Company regarding their unclaimed dividend
- 5) Stock Exchanges:
 - a) The Company's shares are listed with Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Code: 502137 and National Stock Exchange

Limited, Bandra Kurla Complex, Bandra East,
Mumbai-400 051 Code: DECCANCE.

18/2011 issued by the Ministry of Corporate
Affairs.

- b) The Annual Listing Fee for the year 2011-2012 has been paid in time as per Clause 38 of the Listing Agreement entered into with Stock Exchanges at Mumbai.

By Order of the Board

M.RAMA KRISHNA

Sr. General Manager (Legal) &
Company Secretary

Place: Hyderabad
Date : 30.05.2011

- 6) All the shareholders are requested to intimate their e-mail address to the Company or to the depository for sending the Notice with Balance Sheet, Profit & Loss Account, Auditor's Report, Director's Report etc pursuant to the Circular

Registered Office:

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

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

As required under Clause 49 of the Listing Agreement particulars of Mr.J.Narayanamurthy, Director who is proposed to be reappointed by rotation at the ensuing Annual General Meeting are given below:

Mr.J.Narayanamurthy aged about 68 years and is holder of M.A.Degree and CAIBB Certificate. 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., He does not hold any shares in Deccan Cements Limited. He is also member in Audit Committee and Remuneration Committee of Deccan Cements Limited.

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Thirty-First Annual Report together with the Audited Accounts and Cash Flow Statement for the year ended 31st March, 2011.

Financial Results :

The Financial Results for the year ended 31st March, 2011 are summarized below:

	April, 2010 March, 2011	April, 2009 March, 2010
	₹ in Lacs	₹ in Lacs
Sale Income	33845.03	29621.04
Other Income	474.03	276.57
Total	34319.06	29897.61
Profit before Depreciation and Interest	6904.70	7673.39
Less : Depreciation	2405.71	2380.95
Interest & Finance Charges	3955.98	3403.37
Profit before Tax and after prior period items	543.01	1889.07
Less : Provision for Taxation	108.10	320.97
Deferred Taxation	233.24	1052.00
Prior Year Taxation	0.00	79.70
Wealth Tax	2.37	2.40
Net Profit after Tax	199.30	434.00
Profit brought forward from previous year	11409.00	11263.41
Profit available for appropriation	11608.30	11697.41
Appropriations		
Proposed Dividend	84.05	210.11
Dividend Tax	13.63	34.90
General Reserve	10.00	43.40
Balance retained	11500.62	11409.00

Results of Operations:

During the period under review the Company's sales stood at ₹ 33845.03 Lacs compared to previous year

of ₹ 29621.04 Lacs. The net profit is ₹ 199.30 Lacs for the current period as against ₹ 434.00 Lacs of previous year. The operations of the Company were under pressure because of the selling prices and increase in input costs. In spite of these factors the Company managed to generate positive results but lower than the previous years.

Out Look for the Cement:

Massive capacity additions have been done during recent past years by several players. This has resulted in putting pressure on selling prices and margins.

The infrastructure sector is yet to receive serious attention from the Government. The housing sector is expected to revive in near future. These two factors are expected to make cement industry more comfortable and with expected increase in demand, the gap between supply and demand is expected to come down. However it may take a couple of years to achieve a balance between demand and supply.

The Management is focusing its attention to reduce and control costs.

Appropriations:

Dividend:

In continuing with the Company's policy of sharing the good results with the shareholders for a good return on their investments on a consistent basis, your Directors recommend a dividend of ₹ 1.20 per equity share (12%) for the year ended 31st March, 2011 which would entail a cash outflow of ₹ 84.05 Lacs and Dividend distribution tax amounting to ₹ 13.63 Lacs.

Transfer to Reserves:

Your Directors propose to transfer ₹ 10.00 Lacs in compliance with the provisions of *The Companies (Transfer of Profits to Reserves) Rules, 1975*.

Capital Structure :

There is no change in the share capital of the Company during the financial year under review.

Fixed Deposits:

The aggregate amount of Deposits accepted by the Company as at 31st March, 2011 stood at ₹ 586.64 Lacs. There are no matured and unclaimed Deposits as on 31st March, 2011.

Industrial Relations:

The Company maintained harmonious relations with its employees during the period under review. Your Directors wish to place on record their appreciation for the dedicated services of its employees.

Corporate Governance:

A detailed report on Corporate Governance is annexed hereto which 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 ₹ 153456/- with the Company for a period of seven years pertaining to the year ended 31st March 2003, 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 provision of Section 255 of the Companies Act, 1956, Mr.J.Narayanamurthy and

Mr. R.S.Agarwal retire by rotation and are eligible for reappointment. However Mr.R.S.Agarwal is not seeking reappointment.

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 30th May, 2011 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, 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 which 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, is not applicable.

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: 30.05.2011

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 industry's capacity at the beginning of 2010-11 was 234 million tonnes. Additional capacity to be added in next 2 years is around 100 million tonnes. This will result excess supply in the market.

2. OPPORTUNITIES AND THREATS :

Continuous technological upgrading and assimilation of latest technology has been going on in the cement industry in India. With the boost given by the government to various infrastructure projects, road networks and housing facilities, growth in the cement consumption is anticipated in the coming years in the coming years with higher domestic demand resulting in increased capacity utilization.

While these country-specific factors 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.

Quality of coal supplied by the collieries continues to be of concern to your company. The cost and quality of two major inputs namely, coal and power significantly affects the cost of production of Cement. The power situation in Andhra Pradesh is not satisfactory with voltage dips and frequent power trips besides the government imposed compulsory power cuts. Your company is thus compelled to generate power at unaffordable costs with no possibility of market absorbing the same due to severe competition. Freight is another element of cost any increase of which will have an impact on the margins.

3. OUTLOOK :

The future is expected to be positive as the Government is focusing on the development of infrastructure like roads, highways etc and the expected boom in the housing sector will trigger the demand for which the Company is gearing to meet the challenge.

4. RISKS AND CONCERNS :

The common risks faced by the cement industry are the high cost of power, non availability of sufficient quantities of quality coal are not exception to the Company. The competition in the market with various players can have impact on the cement prices. To this extent, your Company's revenues might be affected.

5. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

The Internal Control system in the Company is well streamlined with defined procedures. An external independent 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. The Audit Committee also involves itself in reviewing the reports of Internal Auditors and directs remedial action to the operating management.

6. 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 ₹ 34,319 Lacs against ₹ 29897 Lacs in the previous year. The outgo on interest payments is ₹ 6920 Lacs as against ₹ 7672 Lacs in the previous year.

The Profit before tax of the Company was ₹ 543 Lacs as compared to ₹ 1889 Lacs in the previous year. The net profit after tax for the year was ₹ 199 Lacs against ₹ 434 Lacs in the previous year.

There has been no change in paid-up share capital during the Financial Year 2010-11 which stands at ₹ 700.38 lacs.

7. 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.

8. 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:

Nil

c) Total energy consumption and energy consumption per unit of production:

The above information is given in the prescribed form 'A' annexed.

B. TECHNOLOGY ABSORPTION

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

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

A) POWER AND FUEL CONSUMPTION

1) ELECTRICITY :

a) Purchased Units (KWH - Lacs)

Total Amount (₹ in Lacs)

Average Rate per unit (₹)

b) Own Generation :

(i) Through Diesel Generator :

Units Generated (KWH Lacs)

Total Amount (₹ Lacs)

Rate per unit (₹)

Units Per Litre of Diesel

(ii) Through Captive Power Plant :

Units Generated (KWH Lacs)

Total Amount (₹ Lacs)

Rate per unit (₹)

**Current Year
2010-11**

**Previous Year
2009-10**

719.30

604.65

2557.59

2,136.38

3.56

3.53

0.65

1.07

26.76

17.09

21.48

10.05

2.22

3.83

346.78

535.46

1188.64

2,174.61

3.43

4.06

	Current Year 2010-11	Previous Year 2009-10
2) Coal (C&D Grade) :		
Used as a fuel in Kiln :		
Quantity (Million K Cal)	762093	838759
Total Cost (₹ in Lacs)	7404.76	7,378.67
Average Rate (₹/million K Cal)	971.63	879.71
B) POWER AND FUEL CONSUMPTION PER UNIT OF PRODUCTION		
Cement Division		
Electricity (KWH/Tonne of Cement)	89	91
Coal %	17.69	19.78

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, ADAPTATION AND INNOVATION : NOT APPLICABLE
- 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	₹ in Lacs Previous Year
Used	NIL	NIL
Earned	NIL	NIL

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
- offers better value 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 stakeholders, including amongst others, customers, employees and the community in which the Company operates.

II BOARD OF DIRECTORS ("Board")

The Board comprises of the following seven Directors of whom two are Executive and five are Non-Executive Directors.

a) Composition of the Board:

Name of the Director	Status
Mr. M.B.Raju	Executive Chairman
Ms. P.Parvathi	Managing Director
Mr. Umesh Shrivastava	Independent and Non-executive
Mr. P.Venugopal Raju	Non-executive
Mr. D.R.K.Rao*	Independent and Non-executive
Mr. R.S.Agarwal	Independent and Non-executive

Name of the Director	Status
Mr. J.Narayanamurthy	Independent and Non-executive
Mr. K.P.Singh**	Independent and Non-executive

* Mr. D.R.K.Rao resigned on 28.05.2010

** Mr. K.P.Singh appointed on 13.08.2010

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.

Appointment of Directors on various Committees is as per the guidelines of the Listing Agreement. The Directors have intimated from time to time, their membership in various Committees in other Companies including changes thereof.

b) Board Meetings:

Meetings of the Board of Directors are scheduled well in advance and generally held at the Registered Office of the Company at Hyderabad. Notice of the Board Meeting with the detailed agenda is sent at least seven days in advance to all the Directors. Senior members of the Management of the Company are invited to attend the Board Meetings, make presentations and provide clarifications as and when required. The Board meets at least once in a quarter to review the quarterly performance and un-audited provisional financial results.

i) Number of Board Meetings :

During the year 1st April, 2010 to 31st March, 2011 the Board met four times on the following dates.

28th May, 2010, 13th August, 2010, 9th November, 2010, 11th February, 2011.

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 31.03.2011	No. of Memberships in other Board Committees as on 31st March, 2011
Mr. M.B.Raju	4	4	YES	2	NIL
Ms P.Parvathi	4	4	YES	NIL	NIL
Mr. Umesh Shrivastava	4	4	YES	4	NIL
Mr. P.Venugopal Raju	4	3	YES	5	NIL
Mr. D.R.K Rao*	4	1	NO	NIL	NIL
Mr. R.S.Agarwal	4	4	YES	10	NIL
Mr. J.Naryanamurthy	4	4	YES	1	NIL
Mr. K.P.Singh**	4	3	YES	NIL	NIL

* Mr. D.R.K.Rao resigned on 28.05.2010

** Mr. K.P.Singh appointed on 13.08.2010

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. J.Narayanamurthy	Chairman
2.	Mr. D.R.K Rao*	Member
3.	Mr. P.Venugopal Raju	Member
4.	Mr. Umesh Shrivastava **	Member

* Mr.D.R.K.Rao resigned on 28.05.2010

** Mr.Umesh Shrivastava appointed on 13.08.2010

ii) During the year Audit Committee has been reconstituted. The Audit Committee met four times on the following dates:

28th May, 2010, 13th August, 2010, 9th November, 2010, 11th February, 2011

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	1
Mr.P.Venugopal Raju	4	3
Mr.J.Narayanamurthy	4	4
Mr.Umesh Shrivastava	4	3

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) During the year, the Share Transfer and Investors' Grievance Committee has been reconstituted. The Committee comprises of the following members of the Board.

1.	Mr.Umesh Shrivastava,	Chairman
2.	Mr.R.S.Agarwal,	Member
3.	Ms.P.Parvathi,	Member

ii) Name of the Compliance Officer:

Mr.M.Rama Krishna, Sr.General Manager (Legal) & Company Secretary

iii) During the year from 1st April, 2010 to 31st March, 2011, the Share Transfer and Investors' Grievance Committee met four times on the following dates:

28th May, 2010, 13th August, 2010, 9th November, 2010, 11th February, 2011

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

Name of the Director	No.of meetings held	No.of meetings attended
Mr. Umesh Shrivastava	4	4
Mr. R.S.Agarwal	4	4
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:

During the year, 20 Complaints were received and disposed of. There are no complaints pending to be responded as at 31st March, 2011

C) REMUNERATION COMMITTEE:

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

1. Mr. J.Narayanamurthy, Chairman
2. Mr. Umesh Shrivastava, Member
3. Mr. R.S.Agarwal, Member

- b) During the year 1st April, 2010 to 31st March, 2011 the Remuneration Committee met once on 13th August, 2010 which was attended by all the above members of the Committee.

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 2010-11 :

The Board comprises of Seven Directors as on 31st March, 2011 of whom two are Executive and five are Non-executive Directors.

a) Executive Directors : (₹ in lacs)

Name of the Director	Salary	Per-quisi-tes	Commis-sion	Total
Mr. M.B.Raju	21.60	22.56	9.55	53.71
Ms. P.Parvathi	20.40	24.14	9.55	54.09

i) 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 (₹)
Mr. Umesh Shrivastava	28,000/-
Mr. D.R.K Rao*	6,000/-
Mr. P Venugopal Raju	18,000/-
Mr. R.S Agarwal	25,000/-
Mr. J Narayanamurthy	25,000/-
Mr. K.P.Singh**	15,000/-

* Mr. D.R.K.Rao resigned on 28.05.2010

**Mr. K.P.Singh appointed on 13.08.2010

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

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 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.

IX General Body Meetings:

a) Annual General Meetings of the Company for the previous three years were held as under :

Financial Year	Date	Time	Place
2007-2008	02.09.2008	10.00 A.M.	Bhaskara Auditorium, Birla Museum, Adarsh Nagar, HYDERABAD - 500 063.
2008-2009	18.09.2009	10.00 A.M.	Bhaskara Auditorium, Birla Museum, Adarsh Nagar, HYDERABAD - 500 063.
2009-2010	13.08.2010	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.

X. 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 2010-11.

- 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 constituted a Remuneration Committee to examine the issues of remuneration payable to Executive Directors, Statutory and Internal Auditors.
- e) There are no qualifications in the Auditor's report on the financial statements to the Shareholders of the Company.

XI. 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.
- b) The Financial Results or the official news of the Company are not displayed on the Website of the Company. Steps are being taken to create Website.
- 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.

XII. General Shareholder Information:

- a) Annual General Meeting : 31st Annual General Meeting
Date : 12th August, 2011
Time : 10.00 A.M.
Venue : "Bhaskara Auditorium", Birla Museum
Adarsh Nagar, Hyderabad - 500 063
- b) Financial Year : 1st April to 31st March
- c) Date of Book Closure : 6th August, 2011 to 12th August, 2011
(Both days inclusive)
- d) Dividend Payment, if any : Within 30 days from the date of declaration
- e) Registered Office : DECCAN CEMENTS LIMITED
6-3-666/B, "Deccan Chambers"
Somajiguda, HYDERABAD - 500 082.
Email: secretarial@deccancements.com
- f) Listing on Stock Exchanges : a) The Bombay Stock Exchange Limited,
Phiroj Jeejibhoy 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 (₹)		Low (₹)	
		BSE	NSE	BSE	NSE
2010	APRIL	241.75	214.70	179.10	175.00
	MAY	196.00	198.80	165.00	165.25
	JUNE	176.00	187.00	165.00	165.00
	JULY	177.95	189.80	157.25	157.15
	AUGUST	174.40	169.00	156.00	156.10
	SEPTEMBER	178.00	179.00	157.00	157.00
	OCTOBER	170.80	171.90	158.50	158.00
	NOVEMBER	175.00	179.00	157.00	157.00
	DECEMBER	170.00	164.00	150.00	151.75
2011	JANUARY	165.00	158.90	136.05	136.05
	FEBRUARY	149.00	149.00	120.00	121.00
	MARCH	152.00	171.55	125.05	125.60

i) **Address of Registrars (both for Physical and Dematerialized) & Share Transfer Agents :**

KARVY COMPUTERSHARE PVT LTD

17-24, Vital Road Nagar, Madhapur, Hyderabad-500 081. E-mail: einward.ris@karvy.com Tel.: 040-44655000.

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, 2011**

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
01 - 5,000	4278	90.18	531240	7.59
5,001 - 10,000	244	5.14	195132	2.79
10,001 - 20,000	100	2.11	156363	2.23
20,001 - 30,000	31	0.65	78895	1.13
30,001 - 40,000	13	0.27	48043	0.68
40,001 - 50,000	18	0.38	86309	1.23
50,001 - 100,000	19	0.40	147487	2.10
1,00,000 and above	41	0.87	5760281	82.25
	4744	100.00	70,03,750	100.00

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

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

m) **Dematerialization of Shares:**

Demat ISIN No. INE583C01013

As of 31st March, 2011- 34,90,397 number of shares were dematerialized with the following depositories:

a) National Securities Depositories Limited	-	23,76,251 shares
b) Central Depository Services Limited	-	11,14,146 shares

n) **Location of Company's Plants**

Cement Plant	:	Bhavanipuram, Mahankaligudem - 508 218 Nalgonda Dist., A.P
Hydel Power Plant	:	GBC - 1, Head Regulator, Nekarikallu Adda Road, Narsaraopet - 522 601, Guntur Dist., A.P.
Thermal Power Plant	:	Bhavanipuram, Mahankaligudem - 508 218, Nalgonda Dist., A.P
Wind Farms	:	Polepalli Village, Ramagiri Mandal, Ananthapur District, A.P.

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) Mr. M.Rama Krishna, Sr. General Manager (Legal) & Company Secretary
ii) Mr. K.A.Padmanabham, Manager (Secretarial & Legal)

Declaration on code of Conduct

This is to confirm that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2011 as envisaged in clause 49 of the Listing Agreement with Stock Exchanges.

Place: Hyderabad
Date : 30th May, 2011.

M.B.Raju
Executive Chairman

AUDITORS' CERTIFICATE

To the Members of Deccan Cements Limited

We have examined the compliance of conditions of Corporate Governance by DECCAN CEMENTS LIMITED for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of the 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 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 explanation 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 the year end as stated under serial No. III-B-V 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
Firm Registration No.00459 S

V.K.Muralidhar
PARTNER
Membership Number. 201570

Place: Hyderabad
Date : 30th May 2011

Auditors' Report

To
The Members of
DECCAN CEMENTS LIMITED

1. We have audited the attached Balance Sheet of DECCAN CEMENTS LIMITED as at 31st March, 2011, the Profit and Loss Account and also the 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.
2. 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 the terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - i) 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;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this

report are in agreement with the books of accounts;

- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the directors, as on 31st March, 2011 and, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) 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 31st March, 2011;
 - 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 the 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
Firm Registration No.00459 S

(V.K.MURALIDHAR)

Partner

Membership No.201570

Place : Hyderabad
Date : 30.05.2011

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

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of 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 and hence, reporting on the going concern status in this regard does not arise.
- ii) a) The inventories have been physically verified during the year by the Management at reasonable intervals. In our opinion, the frequency of the verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 explanation given to us, and on the basis of our examinations of the inventory records, the Company 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 the 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.728.14 Lacs and Rs.586.64 Lacs 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 the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to the correct major weaknesses in internal control.
- 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 provision of section 58A, 58AA or any other relevant provision of 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 and 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 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 examinations of such accounts and records.
- ix) a) According to the information and explanations given to us and according to the books and records 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, Custom 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 31st March, 2011 which are outstanding for a period of 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 accounts of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess as at March 31, 2011 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	₹ in Lacs	Forum where dispute is pending
Income Tax Act 1961	Disallowance of debenture issue expenses and bad debts	1997-98	6.46	Income Tax Appellate Tribunal, Hyderabad.
	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.
	Sales tax demand for the deemed excess production based on energy audit	1999-2000 & 2000-01	85.68	High Court of Andhra Pradesh
	Sales tax deferment on additional products manufactured	2001-02	168.97	Deputy Commissioner (Appeals) Hyderabad
Others	Difference in voltage surcharge charged by AP Transco	1999-2000	42.33	High Court of Andhra Pradesh
	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
	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 at 31st March, 2011. 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 according to 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, banks or debentures 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 the 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 does not give any guarantee for loans taken by others from banks or financial institutions.
- xvi) During the year under report, the Company has not obtained term loans. 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 investment by the Company.
- xviii) The Company has not made 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) During the course of our examinations of the books and records of the Company carried out in accordance with the generally accepted practices in India and according to the information and explanations given to us we have neither come across any instances of fraud on or by the Company, noticed or reported during the year nor have been informed of such case by the Management.

For **M.Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No.00459 S

(V.K.MURALIDHAR)

Partner

Membership No.201570

Place : Hyderabad
Date : 30.05.2011

Balance Sheet as at 31st March,2011

		As at 31st March,2011		As at 31st March,2010	
	Schedule	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	I	700.38		700.38	
Reserves and Surplus	II	16695.63		16594.01	
			17396.01		17294.39
LOAN FUNDS					
Secured Loans	III	28397.64		30594.75	
Unsecured Loans	IV	2964.15		2751.29	
			31361.79		33346.04
Deferred Tax Liability (Net)			4504.80		4271.55
TOTAL			53262.60		54911.98
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	V	53892.40		52869.12	
Less : Depreciation/Amortization		11195.09		9189.45	
Net Block		42697.31		43679.67	
Capital work-in-progress	VI	3395.67		5841.96	
			46092.98		49521.63
INVESTMENTS	VII		8.69		11.02
CURRENT ASSETS, LOANS & ADVANCES					
A. CURRENT ASSETS					
Inventories		3354.54		2650.70	
Banked Energy		32.61		26.67	
Sundry Debtors		1923.39		1097.25	
Cash and Bank Balances		4626.09		3372.89	
B. Loans and Advances					
		3802.54		3081.58	
		13739.17		10229.09	
LESS:CURRENT LIABILITIES & PROVISIONS					
A. Current Liabilities	IX	5242.03		3504.16	
B. Provisions		1336.21		1345.60	
		6578.24		4849.76	
Net Current Assets			7160.93		5379.33
Significant Accounting Policies & Notes to the Accounts	XIV				
TOTAL			53262.60		54911.98

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

V.K.Muralidhar
Partner

For and on behalf of the Board

M.B.Raju
Executive Chairman

M.Rama Krishna
Sr.General Manager(Legal) &
Company Secretary

P.Parvathi
Managing Director

Place : Hyderabad
Date : 30.05.2011

Profit and Loss Account for the Period ended 31st March, 2011

	Schedule	Year ended 31st March, 2011		Year ended 31st March, 2010	
		₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
INCOME					
Sales	X	42859.69		37375.27	
Less : Excise Duty & VAT		9014.66	33845.03	7754.23	29621.04
Dividend on Investments			0.63		0.44
Profit on Sale of Fixed Assets			26.58		11.79
Other Income	XI		446.82		264.34
			34319.06		29897.61
EXPENDITURE					
Manufacturing, Administration, Selling and Other Expenses	XII		27308.43		22944.39
Interest & Finance Charges			3955.98		3403.37
Stock Variation	XIII		90.19		(719.06)
Depreciation/Amortisation	V		2405.71		2380.95
			33760.31		28009.65
Profit before tax & prior period items			558.75		1887.96
Prior year's adjustments (Net)			(15.74)		1.11
Profit before tax & after prior period items			543.01		1889.07
Provision for					
Current Tax			108.10		320.97
Deferred Tax			233.24		1052.00
Prior Years Tax adjustments			-		79.70
Wealth Tax			2.37		2.40
Net Profit after Tax			199.30		434.00
Balance brought forward from previous year			11409.00		11263.41
Profit available for appropriation			11608.30		11697.41
APPROPRIATIONS					
Transfer to General Reserve			10.00		43.40
Provision for Dividend		84.05		210.11	
Corporate Dividend Tax		13.63		34.90	
			97.68		245.01
Balance carried to Balance Sheet			11500.62		11409.00
Significant Accounting Policies & Notes to the Accounts	XIV		11608.30		11697.41
Additional Information:					
Basic and Diluted E P S (Equity Shares of face value of ₹ 10/- each)			2.85		6.20
Earnings considered is Net Profit after Tax ₹ 199.30 lacs (Previous Year ₹ 434 lacs) and Number of shares considered is 70.04 lacs (Previous Year 70.04 lacs) for Basic and Diluted EPS.					

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

V.K.Muralidhar
Partner

For and on behalf of the Board

M.B.Raju
Executive Chairman

M.Rama Krishna
Sr.General Manager(Legal) &
Company Secretary

P.Parvathi
Managing Director

Place : Hyderabad
Date : 30.05.2011

Cash Flow Statement for the Year Ended 31.03.2011

	Year Ended 31st March 2011		Year Ended 31st March 2010	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit \ (Loss) Before Tax and Prior period items	558.75		1887.96	
Adjustments for :				
Depreciation	2405.71		2380.95	
Interest and Finance charges	3955.98		3403.37	
Dividends Received	(0.63)		(0.44)	
Interest Income	(298.62)		(99.38)	
Profit on Sale of Fixed Assets	(26.58)		(11.79)	
Profit on Sale of Investments	(4.71)		-	
Loss on Sale of Investments	20.56		-	
Operating Profit Before Working Capital Changes	6610.46		7560.67	
Changes in Working Capital				
(Increase)/Decrease in Inventories	(703.84)		(371.58)	
(Increase)/Decrease in Banked Energy	(5.94)		(3.20)	
(Increase)/Decrease in Sundry Debtors	(826.14)		(843.59)	
(Increase)/Decrease in Loans and Advances	(673.54)		3763.16	
Increase/(Decrease) in Current Liabilities	1765.35		(1615.79)	
Cash Generated from Operations	6166.35		8489.67	
Direct Taxes Paid	(50.34)		(403.31)	
Cash Flow before Prior period Items	6116.01		8086.36	
Prior Year Income/(Expenditure)	(15.74)		1.11	
Net Cash Flow from Operating Activity		6100.27		8087.47
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Inflow/(Outflow)				
Dividends received	0.63		0.44	
Interest received	301.53		99.38	
Purchase of Fixed Assets	(3031.35)		(6417.94)	
(Increase)/Decrease in Capital Work in Progress	2446.29		3315.10	
Purchase of Land - (for Affortation)	-		-	
Purchase of Investments	-		-	
Sale of Investments	7.04		0.00	
Sale of Fixed Assets	1614.03		12.89	
Net Cash Flow from Investing Activities		1338.17		(2990.13)
carried forward		7438.44		5097.34

Cash Flow Statement for the Year Ended 31.03.2011 (Contd.)

	Year Ended 31st March 2011		Year Ended 31st March 2010	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Brought forward		7438.44		5097.34
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Inflow/(Outflow)				
Dividend Paid (Including Dividend Tax)	(245.01)		(245.82)	
Proceeds from Long Term Borrowings	354.36		287.10	
Long Term Loan Borrowings	(1263.17)		(504.63)	
Interest Paid	(3925.16)		(3403.37)	
Increase/(Decrease) in Interest Accrued on	-		-	
Increase/(Decrease) in Cash Credit utilisation	(1106.27)		978.88	
Net Cash Flow from Financing Activities		(6185.25)		(2887.84)
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS :				
		1253.19		2209.50
Cash and Cash Equivalents as at the commencement of the year		3372.89		1163.39
Cash and Cash Equivalents as at the close of the year (includes Funds not available for use - Margin Money ₹ 104.97 lacs, Unclaimed Dividend ₹ 19.14 lacs)		4626.08		3372.89

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

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

V.K.Muralidhar
Partner

Place : Hyderabad
Date : 30.05.2011

For and on behalf of the Board

M.B.Raju
Executive Chairman

M.Rama Krishna
Sr. General Manager(Legal) &
Company Secretary

P.Parvathi
Managing Director

Schedule I: Share Capital

	As at 31st March, 2011	As at 31st March, 2010
	₹ in Lacs	₹ in Lacs
Authorised Capital		
1,00,00,000 Equity Shares of ₹ 10/- each	1000.00	1000.00
Issued and Subscribed		
70,03,750 Equity Shares of ₹ 10/-each - fully paid	700.38	700.38
(Of the above shares 35,01,875 equity shares of ₹ 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, 2011		As at 31st March, 2010	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Capital Reserve				
as per last Balance Sheet		40.24		40.24
Power Subsidy				
as per last Balance Sheet		99.28		99.28
Securities Premium Account				
as per last Balance Sheet		1250.14		1250.14
General Reserve				
as per last Balance Sheet	3795.35		3751.95	
Add : Transfer from Profit and Loss Account	10.00		43.40	
		3805.35		3795.35
Profit and Loss Account				
Balance as per Annexed Account		11500.62		11409.00
TOTAL		16695.63		16594.01

Schedule III: Secured Loans

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
State Bank of India (instalments due within one year ₹ 232.00 lacs previous year ₹ 464.00 lacs)	5335.00		5568.00	
Andhra Bank (instalments due within one year ₹ 294.00 lacs previous year ₹ 584.00 lacs)	6717.21		7008.00	
State Bank of Hyderabad (instalments due within one year ₹ 199.00 lacs previous year ₹ 400.00 lacs)	4599.44		4798.32	
State Bank of Mysore (instalments due within one year ₹ 120.00 lacs previous year ₹ 240.00 lacs)	2760.00		2880.00	
State Bank of Sourashtra (instalments due within one year ₹ 81.00 lacs previous year ₹ 160.00 lacs)	1840.40		1919.40	
Indian Bank (instalments due within one year ₹ 200.00 lacs previous year ₹ 400.00 lacs)	4600.00		4800.00	
Interest Accrued and Due	296.11		265.27	
		26148.16		27238.99
Cash Credit from:				
State Bank of India	1779.31		2,442.26	
Andhra Bank	470.17		913.50	
		2249.48		3355.76
TOTAL		28397.64		30594.75

Schedule IV: Unsecured Loans

	As at 31st March, 2011		As at 31st March, 2010	
	₹ in Lacs		₹ in Lacs	
Sales Tax Deferral Loan	2377.51		2023.15	
Fixed Deposits (due within one year ₹ 310.06 lacs previous year ₹ 64.50 lacs) (includes Accrued Interest ₹ 107.02 Lacs Previous Year ₹ 90.48 Lacs)	586.64		728.14	
TOTAL		2964.15		2751.29



Schedule V: Fixed Assets

₹ in Lacs

Description	GROSS BLOCK – AT COST				DEPRECIATION			NET BLOCK	
	As at 31st March 2010	Additions During the year	Deductions/ Adjustments during the year	As at 31st March 2011	Upto 31st March 2010	For the year	Deductions/ adjustments during the year	Upto 31st March 2011	As at 31st March 2011
A. TANGIBLE ASSETS									
Freehold Land	1840.67	11.34	18.40	1833.61	-	-	-	-	1833.61
Compensatory Land for afforestation	183.72	-	12.04	171.68	-	-	-	-	171.68
Freehold Land - Mining	28.87	-	-	28.87	7.21	1.44	-	8.65	20.22
Buildings	6855.74	829.08	-	7684.82	764.20	206.97	-	971.17	6713.65
Plant & Machinery	43560.69	2166.35	1971.55	43755.49*	8145.06	2168.02	395.09	9917.99	33837.50
Other Equipment	14.19	-	-	14.19	10.56	0.47	-	11.03	3.16
Furniture & Fixtures	79.08	5.11	-	84.19	55.88	4.82	-	60.70	23.49
Office Equipment	130.27	5.47	-	135.74	99.91	6.68	-	106.59	29.15
Vehicles	139.09	14.01	6.09	147.01	87.29	15.62	4.98	97.93	49.08
B. INTANGIBLE ASSETS									
Compensatory Land for Afforestation	36.80	-	-	36.80	19.34	1.69	-	21.03	15.77
TOTAL	52869.12	3031.36	2,008.08	53892.40	9189.45	2405.71	400.07	11195.09	42697.31
Total of Previous Year	46473.33	6417.95	(22.16)	52869.12	6829.54	2380.95	21.04	9189.45	43679.67

* Includes cost of 33 KV line at Wind farm, Hydel Power Plant, Cement Division and Slag Division aggregating to ₹ 128.04 lacs ownership of which vest with APTRANSCO.

Schedule VI: Capital Work-in-Progress

	As at 31st March, 2011	As at 31st March, 2010
	₹ in Lacs	₹ in Lacs
Works in progress - Civil & Others	3303.62	5427.84
Advance on Capital Account (considered good)	92.05	4.71
Pre operative Expenses (Vide Annexure 1)	-	409.41
TOTAL	3395.67	5841.96

Schedule VII: Investments

	As at 31st March, 2011	As at 31st March, 2010
	₹ in Lacs	₹ in Lacs
Long Term Investments (At Cost)		
a) Quoted - Fully Paid		
Infrastructure Development Finance Company Ltd (884 Equity Shares of ₹ 10/- each)	-	0.30
Bicon Ltd 300 Equity Shares of ₹ 5/- each	-	0.47
Tata Consultancy Services Ltd 220 Equity Shares of ₹ 1/- each (1 : 1 Bonus Shares Issued) (Previous Year 110 E. Shares of ₹ 1/-)	0.47	0.47
National Thermal Power Corporation Ltd 2095 Equity Shares of ₹ 10/- each	-	1.30
Reliance Industries Limited 54 Equity Shares of ₹ 10/- each (RPL Shares converted into RIL Shares) (1 : 1 Bonus Shares Issued) (P.Y. 434 Shares of RPL)	-	0.26
Total (a)	0.47	2.80
b) Un Quoted - Fully paid		
DCFEMAC Co-Operative Stores Limited (Previously known as DCL Employees co operative Stores Ltd)	0.10	0.10
Total (b)	0.10	0.10
c) Investments in Land	8.12	8.12
TOTAL (a + b + c)	8.69	11.02
Aggregate Market value of quoted investments	2.60	8.91

PRE-OPERATIVE EXPENDITURE

ANNEXURE - 1 (to schedule VI of Balance Sheet)

₹ in lacs

Particulars	2010-11	2009-10
Opening Balance at the Beginning of the year	409.41	840.62
Expenditure During the year		
AP Tranco 132 KV Switch Yard	—	4.02
Electrical Maintenance	—	1.78
Hire Charges	—	17.33
Miscellaneous Expenses	—	0.72
Interest on Term Loan	—	158.22
Cement	—	0.66
Vehicle Maintenance	—	24.53
TOTAL	409.41	1047.88
Less : Capitalised	409.41	638.47
Balance to be Capitalised	-	409.41

Schedule VIII: Current Assets, Loans and Advances

	As at 31st March, 2011			As at 31st March, 2010		
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
A. Current Assets						
a) Inventories						
Finished Goods		765.96			603.22	
Work-in-Process		411.54			664.47	
Raw Materials		64.86			98.02	
Packing Materials		45.38			90.36	
Other Materials		651.24			334.07	
Stores and Spares		1415.56			860.56	
			3354.54			2650.70
b) Banked Energy			32.61			26.67
c) Sundry Debtors-Unsecured						
Debts outstanding for a period exceeding six months-considered Good:		93.82			42.09	
Other debts-considered good		1829.57			1055.16	
			1923.39			1097.25
d) Cash and Bank balances						
Cash on hand		10.43			1.59	
Balances with Scheduled Banks:						
- In Current Accounts	2498.69			1607.11		
- In Deposit Accounts	2116.97			1764.19		
(including margin money deposit of ₹ 97.18 lacs (PY ₹ 97.18 Lacs)		4615.66			3371.29	
Carried forward			4626.09			3372.89
			9936.63			7147.51

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

	As at 31st March, 2011			As at 31st March, 2010		
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Brought forward			9936.63			7147.51
B. Loans and Advances-Unsecured						
I. Considered Good :						
a) Advances recoverable in cash or in kind or for value to be received						
Advances for purchase of Raw Materials and Coal		330.05			657.61	
Advances for purchase of Stores and Spare parts		174.57			306.36	
Advances to Employees		6.05			5.95	
Other Advances		464.75			336.87	
Prepaid Expenses		37.10			35.69	
Tax deducted at source		71.27			50.43	
Advance Income Tax		1193.20			1163.70	
b) Deposits with						
- Central Excise	3.74			0.76		
- Others	1503.41			502.90		
		1507.15			503.66	
		3784.14			3060.27	
c) Interest accrued		18.40			21.31	
			3802.54			3081.58
TOTAL			13739.17			10229.09

Schedule IX: Current Liabilities and Provisions

	As at 31st March, 2011			As at 31st March, 2010		
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
A. Current Liabilities						
Sundry Creditors :						
Micro, Small and Medium Enterprises	-			-		
(Includes on Capital a/c NIL (Previous Year Nil)						
Others (includes on Capital A/c Rs. Nil Previous Year Rs. NIL)	1585.71			1034.57		
		1585.71			1034.57	
Expenses		1433.92			700.42	
Advances/Deposits from Stockists and Others		2151.33			1702.84	
Unclaimed Dividend		19.15			17.74	
Other liabilities		51.92			48.59	
			5242.03			3504.16
B. Provisions						
For Taxation		1072.38			961.92	
For Proposed Dividend		84.05			210.11	
For Dividend Tax		13.63			34.90	
For Leave Encashment		72.07			61.24	
For Gratuity		94.08			77.43	
			1336.21			1345.60
TOTAL			6578.24			4849.76

Schedule X: Sales

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Lacs	₹ in Lacs
Cement Sales	41811.30	33113.60
Clinker Sales	289.62	3401.22
Income from Power Generation (Net of wheeling and banking charges)	758.77	860.45
TOTAL	42859.69	37375.27

Schedule XI: Other Income

	Year ended 31st March, 2011	Year ended 31st March, 2010
	₹ in Lacs	₹ in Lacs
Scrap Sales	30.15	125.80
Interest - Bank deposits (TDS ₹ 6.10 lacs, Previous year ₹ 7.51 lacs)	61.01	81.59
Other Interest (TDS ₹ 1.65 lacs, Previous year ₹ 1.66 lacs)	237.61	17.79
Rent (TDS ₹ Nil lacs, Previous year ₹ Nil Lacs)	0.12	0.03
Profit on Sale of Investments	4.71	-
Bad Debts Write Back	4.49	-
Miscellaneous Income	108.73	39.13
TOTAL	446.82	264.34

Schedule XII: Manufacturing, Administration, Selling and Other expenses

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Consumption of Raw Materials				
(Includes Royalty and other levies of Rs. 992.16 lacs, previous year Rs.901.61 lacs)		2909.75		2920.76
Consumption of Stores and Spares		1355.98		1396.05
Power and Fuel				
Power	2557.59		2136.38	
Coal	8593.42		9553.28	
Diesel	-		22.87	
		11151.01		11712.53
Salaries, Wages and Benefits				
Salaries, Wages and Bonus	993.23		982.24	
Contribution to Provident and Other funds	107.82		73.39	
Workmen and Staff Welfare Expenses	118.47		108.29	
		1219.52		1163.92
Repairs and Maintenance				
Buildings	30.26		30.10	
Plant and Machinery	473.77		433.07	
Vehicles	20.19		9.74	
Others	295.87		265.16	
		820.09		738.07
Administration Expenses				
Travelling and Conveyance	117.38		103.37	
Directors' Travelling and Conveyance	8.74		6.95	
Directors' Foreign Travel	3.47		0.40	
Directors' sitting fees	1.17		1.08	
Printing and Stationery	17.96		13.42	
Communication Expenses	25.77		26.91	
Legal and Professional charges	81.54		90.46	
Insurance	38.72		63.75	
Auditors' Remuneration	5.78		5.45	
Staff Recruitment and Training	2.95		6.62	
Rent	54.46		27.72	
Rates and Taxes	30.98		17.09	
Donations	5.43		20.78	
Sundry Expenses	143.64		145.60	
		537.99		529.60

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

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Selling Expenses				
Consumption of Packing Materials	1530.80		1200.45	
Advertisement and Publicity	160.08		29.01	
Freight, Packing and Forwarding charges	4803.29		2284.93	
Testing and Marking fees	24.27		23.99	
Commission on Sales	226.55		174.71	
Other Selling expenses	2548.54		770.37	
(Including discounts)		9293.53		4483.46
Loss on Sale of Fixed Assets		20.56		-
TOTAL		27308.43		22944.39

Schedule XIII: Stock Variation

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Work-in-Process				
Opening Stock	664.47		468.46	
Closing Stock	411.54		664.47	
		252.93		(196.01)
Finished Goods				
Opening Stock	603.22		80.17	
Closing Stock	765.96		603.22	
		(162.74)		(523.05)
		90.19		(719.06)

Schedule XIV: Notes to the Accounts

1. Significant Accounting Policies :

a) System of Accounting :

- i) Financial Statements are prepared in accordance with Generally Accepted accounting principles in India (GAAP) under the historical cost convention.
- 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 (including advances) up to the date of the Balance Sheet.
- iii) All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication the impairment loss, being the excess carrying value over the recoverable value of the assets, are charged to the profit & loss account in the respective financial years. The impairment loss recognized in the prior years is reversed in cases where the recoverable value exceeds the carrying value, upon the reassessment in the subsequent years.

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) Amortization :

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) Revenue Recognition :

i) Cement :

Sales are recognized at the point of dispatch i.e when significant risk is transferred to customers.

ii) Power :

Revenue from sale of power is recognized net of Wheeling charges.

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

h) Inventory Valuation

- i) Raw Materials, Coal, Stores & Spares, and Packing Materials: At Weighted average Cost
- ii) Materials in Transit: At Cost
- iii) Work in process: At Weighted Average cost or Net Realisable Value, which ever is lower.
- iv) Finished goods: At 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.

i) Power Subsidy :

The Power subsidy 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.

j) 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.

k) 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.

l) Transfer price for Inter divisional transfer/consumption :

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

Hydel/Wind: At cost of purchase from APCPDCL/ TNEB by the division consuming such Power

m) Retirement Benefits:

Provident Fund is administered through Regional Provident Fund Commissioner. The Superannuation and Gratuity are administered through the scheme of Life Insurance Corporation of India. The liability towards Leave Encashment and Gratuity is recognized on the basis of actuarial valuation.

n) 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.

- o) **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 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 as stated in the financial statements 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 when there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- p) **Contingencies :** The Company recognizes provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure for contingent liabilities is made in the notes to accounts when there is a possible obligation or a present obligation that may, but probably will not, require an out flow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

- q) **Earning Per Share:** Earning per share is calculated by dividing the net profit or loss for the year attributable to equity share holders by the weighted average no of equity shares outstanding during the year.

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

2. Contingent Liabilities :

		₹ in Lacs	
		Current Year	Previous Year
a)	Monies for which the company is contingently Liable:		
i)	Counter Guarantee	553.12	716.41
ii)	Claims for non supply of cement by company's agent for the year 1995-96 Pending in High Court of Andhra Pradesh	5.52	5.52
iii)	Claims for difference in prices for the year 1994 - 95 filed by Metropolitan Transport Project, Chennai, matter pending with High Court of Chennai	6.83	6.83
b)	Income Tax:		
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	6.46	6.46
ii)	For the Asst. Year 06 - 07 towards disallowance of deduction claimed u/s 80 I (A). Matter pending with CIT (appeals).	359.03	359.03
c)	Sales Tax:		
i)	Regarding sales tax on packing materials in respect of Asst Year 1993-94 for which the company filed writ petition in the High Court of Andhra Pradesh and obtained stay on payment of 50% of the disputed demand	11.52	11.52
ii)	Regarding sales tax on transfer of clinker from cement division to slag division for the years 2001-02 & 2005-06 The matter is pending in appeal before High Court of Andhra Pradesh.	315.44	315.44
d)	Sales Tax Deferment for the year 2001 -02 on the additional products manufactured, amounting to ₹ 168.97 Lacs stayed by the AP High Court.	168.97	168.97
e)	Sales Tax Demand for the deemed excess production based on the Energy Audit for the years 1999 - 2000 & 2000 - 01	85.68	85.68
f)	The A.P. Government has 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 ₹ 723.29 lacs for the period 1997 to February 2008. Appeal is pending in the High Court.	723.29	723.29

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

	₹ in Lacs	
	Current Year	Previous Year
g) Duty on Electricity generated and consumed was levied by the AP Govt. 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.	316.23	316.23
h) Singareni Collieries Company Ltd raised Debit Note however the company has made representation to waive the same.	231.66	-
3. Estimated amount of contracts to be executed on capital account and not provided for: (net of advances)	150.62	406.00
4. Secured Loans:		
A) Term Loans:		
i) The Term Loans from Banks are secured by hypothecation of present and future immovable assets in favour of consortium of banks comprising of State Bank of India, State Bank of Hyderabad, State Bank of Mysore, State Bank of Saurashtra, Andhra bank and Indian Bank ranking pari passu charge except the current assets specifically charged to working capital lenders in respect of which second charge is created.		
ii) The Term Loans are further secured by the personal 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 guarantee of Mr. M.B. Raju, Chairman and Ms. P. Parvathi, Managing Director.		
5. Unsecured Loans:		
The Government of Andhra Pradesh has extended to the company the incentive of:		
(a) Sales Tax Deferral Scheme (vide proceedings No. 10/3/2000/0886/ID, dt.6.6.2000,) pursuant to 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 ₹ 1631.54 lacs (whichever is earlier), and the Deferred Sales Tax of each year is repayable after the expiry of 14 years subject to fulfillment of conditions specified in the proceedings. Based on the Sales Tax returns, the company has availed deferment of Sales Tax during the year ₹ 354.37 lacs (Previous year ₹ 168.37 lacs). The Sales Tax so deferred aggregating to ₹ 1631.54 lacs (previous year ₹ 1277.17 lacs)		
(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 ₹ 3634.94 lacs (whichever is earlier). With the implementation of VAT w.e.f 01.04.2005 the said exemption amounting to ₹ 745.98 lacs has been converted into deferment and the balance period has also been doubled. The Company has availed this deferment amount of ₹ 745.98 lacs upto the years of 2006-07.		

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

6. The amount of borrowing cost capitalized during the year is ₹ Nil (Previous Year ₹ 158.21)
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 retiring gratuity as on March 31st, 2011 is ₹ 156.26 Lacs (31.03.2010; ₹ 166.30 Lacs) of which ₹ 78.83 lacs (31.03.09 - ₹ 76.75 lacs) is funded with the Life Insurance Corporation of India (LIC) and the balance is included in provision for Gratuity. 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 ₹ in Lacs		Compensated Absences ₹ in Lacs	
	2010-11	2009-10	2010-11	2009-10
(A) Net Assets/(Liability) recognised in the Balance Sheet as at 31st March, 2011				
Present Value of Obligation	177.67	156.26	–	–
Fair Value of Plan Assets Liability/(Assets)	(83.60)	(78.83)	–	–
Unrecognised past service Cost	Nil	Nil	–	–
Liability/(Assets) recognised in the Balance Sheet	94.07	77.43	72.06	61.24
(B) Component of Employer's Expenses				
Current Service Cost	11.78	13.70	–	–
Interest Cost	13.46	12.56	–	–
Expected Return on Plan Assets	(6.78)	(6.57)	–	–
Net Actuarial Gain/(Loss) recognised.	(8.96)	(21.48)	–	–
Past Service Cost	16.27	–	–	–
Expenses Recognised in the Profit and Loss Account	25.77	(1.80)	–	–
Movement in the Net Liability recognised in the Balance Sheet				
Opening Net Liability as on 1st April, 2010	77.43	89.55	61.24	51.27
Expenses recognized in the Profit & Loss A/c.	27.25	(0.04)	–	–
Employer contribution	(10.61)	(12.08)	–	–
Payment made to employees on retirement				
Closing Net Liability as on 31st March, 2011	94.07	77.43	72.06	61.24

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

Particulars	Gratuity ₹ in Lacs		Compensated Absences ₹ in Lacs	
	2010-11	2009-10	2010-11	2009-10
Actuarial Assumptions:				
Discount Rate (Per annum) (%)	8.10	8.25	8.10	8.25
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) (%)	5.00	5.00	5.00	5.00
Valuation Method	Projected Unit cost method	Projected Unit cost method	Projected Unit cost method	Projected Unit cost method

B) Defined contribution plan

Amount recognized as an expense and included in schedule XII under the head "contribution to provident and other funds" ₹ 73.39 Lacs (Previous year ₹ 106.08 Lacs).

9. Computation of net profits in accordance with section 349 of the Companies Act, 1956 for the purpose of calculating Directors' Commission.

	₹ in Lacs	
	Current Year	Previous Year
Profit before Tax as per Profit & Loss Account	543.01	1889.07
Add: Directors' Remuneration	104.42	140.30
Depreciation as per Accounts	2405.71	2380.95
Loss on Sale of Fixed Assets	20.56	—
	2530.69	2521.25
	3073.70	4410.32
Less :		
Profit on sale of Fixed Assets	26.58	11.79
Profit on Sale of Investments	4.71	—
Depreciation u/s 350 of the Companies Act 1956	2405.71	2380.95
Net Profit under Section 349 of the Companies Act, 1956	636.70	2017.58
Commission payable to Managing Director@1.50%	9.55	30.26
Commission payable to Executive Chairman@1.50%	9.55	30.26
Commission payable to Non - Wholetime Directors limited to	5.00	5.00
	24.10	65.52

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

	₹ in Lacs	
	Current Year	Previous Year
10. Directors' Remuneration :		
a) To Managing Director		
Salary	20.40	19.20
Accommodation/HRA	14.28	13.44
Provident & Other funds	5.51	5.18
Commission	9.55	30.26
Benefits	3.65	3.35
Gratuity	0.70	0.70
TOTAL	54.09	72.13
b) To Executive Chairman		
Salary	21.60	20.40
Accommodation/HRA	15.12	14.28
Provident & Other funds	2.59	2.45
Commission	9.55	30.26
Benefits	4.10	3.02
Gratuity	0.75	0.75
TOTAL	53.71	71.16
c) To Non - Whole time Directors		
Commission	5.00	5.00
11. Auditors' Remuneration*		
Audit Fee	3.00	3.00
Certification Work	0.03	-
Corporate Governance	0.10	0.10
Tax Audit Fee	0.75	0.75
Reimbursement of Expenses	1.00	0.70
Limited Review Fee	0.90	0.90
TOTAL	5.78	5.45

* Excludes Service Tax.

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

	Current Year		Previous Year	
	Quantity (MT)KWH	₹ In Lacs	Quantity (MT)KWH	₹ in Lacs
a) Turnover:				
i) Cement Division :				
Cement (MT):				
Sale of Cement	296203	10629.45	297921	9156.74
Internal Consumption of Cement	-	-	-	-
		10629.45		9156.74

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

	Current Year		Previous Year	
	Quantity (MT)KWH	₹ In Lacs	Quantity (MT)KWH	₹ in Lacs
ii) Slag Cement Division :				
Cement (MT):				
Sale of Cement	868894	31181.58	777840	23912.29
Sale of Clinker	10971	289.62	127693	3,401.22
Internal Consumption of Cement	15	0.26	2661	44.57
		31471.46		27358.08
iii) Power (KWH) :				
-- Wind (AP):	2648987	72.39	3130022	84.82
-- Wind (TN):	3555810	98.71	9408659	262.91
-- Hydel	20283648	587.68	18878741	512.72
		-	-	-
		758.78		860.45
Total		42859.69		37375.27
b) Particulars of Raw Materials consumed (Quantity in M.T.)				
i) Limestone	1457797	1091.24	1562756	1011.76
ii) Iron Ore	42906	523.76	32960	403.57
iii) Gypsum	62736	979.18	61940	942.69
iv) Fly Ash	61306	241.26	53291	201.14
v) Slag	1533	15.19	25603	253.67
vi) Laterite		6.68		-
vii) Internal Transport of Materials		52.44		107.93
Total		2909.75		2920.76
c) Capacity, Production, Generation and Stocks:				
i) Cement Division : (MT)				
Installed Capacity	297000		297000	
(As certified by the Management & relied upon by the auditors being a technical matter)				
Actual Production	295480		296800	
Opening Stock	1165	33.42	2286	41.52
Samples and Shortage	-	-	-	-
Closing Stock	442	33.42	1165	33.42
ii) Slag Cement Division : (MT)				
Installed Capacity	1500000		1500000	
(As certified by the Management & relied upon by the auditors being a technical matter)				
Actual Production	874505	-	800155	-
Opening Stock	21490	569.80	1851	38.65
Samples and Shortage	782	-	15	-
Closing Stock	26304	732.54	21490	569.80

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

	Current Year		Previous Year	
	Quantity (MT)KWH	₹ In Lacs	Quantity (MT)KWH	₹ in Lacs
iii) Wind Power : (KWH)				
Installed Capacity	31554000		31554000	
(As certified by the Management & relied upon by the auditors being a technical matter)				
Actual Generation	6275530		12610459	
Less : Wheeling	56713		64036	
Net Generation	6218817		12546423	
iv) Hydel Power : (KWH)				
Installed Capacity	20740000		20740000	
(As certified by the Management & relied upon by the auditors being a technical matter)				
Actual Generation	20841900		19406600	
Less : Wheeling	413952		388132	
Net Generation	20427948		19018468	
iv) Thermal Power : (KWH)				
Installed Capacity	157680000		157680000	
(As certified by the Management & relied upon by the auditors being a technical matter)				
Actual Generation	34638000		53546116	

d) Value of Imported, Indigeneous Raw Materials, Spare Parts and Packing materials Consumed.

	Current Year		Previous Year	
	Value ₹ in Lacs	%	Value ₹ in Lacs	%
Raw Materilas				
Imported	-	-	-	-
Indigeneous	-	100.00	2920.76	100.00
Stores, Spares Parts and Packing Materials				
Imported	11.78	0.41	121.18	4.67
Indigeneous	2875.00	99.59	2475.32	95.33
e) Value of Imports caliculated on CIF basis				
1. Raw Materials	-		-	
2. Components & Spareparts	12.57		123.02	
3. Capital Goods	-		-	
f) Earnings in Foreign Exchange	Nil		Nil	
g) Expenditure in Foreign Currency	Nil		Nil	

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

13. Deferred Tax : The deferred tax Liability - Net as at 31st March, 2011 includes the following :

	As at 31st March, 2011	As at 31st March, 2010
	₹ in Lacs	₹ in Lacs
a) Deferred Tax Liability		
Depreciation	4561.27	4323.60
Amortisation of Intangible Assets	-	-
	4561.27	4323.60
b) Deferred Tax Assets		
Amortisation of Intangible Assets	-	4.91
Provision for Leave Encashment	24.49	20.82
Provision for Gratuity	31.98	26.32
	56.47	52.05
Net Deferred Tax Liability	4504.80	4271.55

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) Miss. P.Aishwarya c) Mr. P.Anirudh
(iii)	Directors	a) Mr. Umesh Shrivastava b) Mr. K.P.Singh c) Mr. P.Venugopal Raju d) Mr. R.S.Agarwal e) Mr. J.Narayana Murthy
(iv)	Enterprises in which KMP or relatives having significant influence.	a) DCL Exim Limited. b) Satya Sai Investments and Leasing Limited c) Melvillie Finvest Limited d) DCL Information Technologies Limited



ii) Transactions during the year with related parties:

SL. No.	Nature of Transactions	Key Management Personnel		Relatives of Key Management Personnel		Directors		Enterprises in which KMP or relatives having significant influence.	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
(i)	Rent Paid	-	-	-	14.28	-	-	-	-
(ii)	Unsecured Loan - deposits taken from	344.50	344.50	42.99	42.99	20.00	20.00	190.00	190.00
(iii)	Remuneration including Commission	107.80	143.29	-	-	5.00	5.00	-	-

(iii) Balance outstanding as on Balance Sheet date :

SL. No.	Nature of Transactions	Key Management Personnel		Relatives of Key Management Personnel		Directors		Enterprises in which KMP or relatives having significant influence.	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a)	Credit Balance								
	Mr. M.B.Raju	253.07	231.01						
	Ms. P.Parvathi	184.76	175.46						
	Miss P.Aishwarya			17.22	17.22				
	Mr. P.Anirudh			50.77	25.77				
	Mr. Umesh Shrivastava					21.00	21.00		
	Mr. D.R.K.Rao					-	1.00		
	Mr. P.Venugopal Raju					1.00	1.00		
	Mr. R.S.Agarwal					1.00	1.00		
	Mr. J Narayana Murthy					1.00	1.00		
	Mr. K.P.Singh					1.00	-		
	Satyasai Investments & Leasing Ltd.							20.00	170.00
	DCL Exim Limited								
		437.83	406.47	67.99	42.99	25.00	25.00	20.00	190.00

(iv) Disclosure in respect of transactions which are more than 10 % of the total transactions of the same type with related parties during the year

(₹ in Lacs)

Particulars	2010 - 11	2009 - 10
(a) Key Management Personal		
(i) Deposits taken		
Mr. M.B.Raju	200.00	200.00
Ms. P.Parvathi	131.31	144.50
(ii) Remuneration including commission		
Mr. M.B.Raju	53.71	71.16
Ms. P.Parvathi	54.09	72.13
(b) Relatives of Key Management Personnel		
(i) Rent Paid		
Ms. M.Laxmi	15.12	14.28
(ii) Deposits taken		
Miss. P.Aishwarya	17.22	17.22
Mr. P.Anirudh	50.77	25.77
(c) Directors		
(i) Deposits taken		
Mr. Umesh Srivastava	20.00	20.00
(ii) Commission		
Mr. Umesh Shrivastava	1.00	1.00
Mr. D.R.K.Rao	-	1.00
Mr. P.Venugopal Raju	1.00	1.00
Mr. R.S.Agarwal	1.00	1.00
Mr. J.Narayana Murthy	1.00	1.00
Mr. K.P.Singh	1.00	-
(d) Enterprises in which KMP or relatives having significant influence		
(i) Deposits taken		
Satyasai Investments & Leasing Ltd.	-	170.00
DCL Exim Limited	20.00	20.00

15. Segment Reporting: The company's main business segment is manufacturing of Cement, hence there is no separate reportable segment as per "Segment reporting - Accounting Standard - 17 "
16. Balances of debtors, loans and advances and creditors are subjected to confirmations.
17. Previous Year's figures have been recast, re - grouped and reclassified wherever necessary to conform to the current year's classification.
18. Figures are rounded off to the nearest rupee. Figures in brackets represent credits/deductions to the extent applicable.
19. 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

V.K.Muralidhar
Partner

Place : Hyderabad
Date : 30.05.2011

For and on behalf of the Board

M.B.Raju
Executive Chairman

M.Rama Krishna
Sr.General Manager(Legal) &
Company Secretary

P.Parvathi
Managing Director

Annexure "A" forming part of Schedule XIV:
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS AT 31.3.2011**

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 (₹ in Thousands)
Total Liabilities : 5984084 Total Assets : 5984084
Sources of Funds
Paid-Up Capital : 70038 Reserves & Surplus : 1669563
Secured Loans : 2839764 Unsecured Loans: : 296415
Deferred Tax Liability : 450480
Application of Funds
Net Fixed Assets : 4609298 Investments : 869
Net Current Assets : 716093 Misc. Expenditure : Nil

4. Performance of Company (₹ in Thousands) :
Turnover : 3384503 Total Expenditure : 3376031
Profit before Tax : 55875 Profit after Tax : 19930
Earning per share in ₹ : 2.85 Dividend Rate % : 12

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 **31st Annual General Meeting** of the Company held on **Friday, the 12th day of August, 2011 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 **31st Annual General Meeting** of the Company
to be held on **Friday, the 12th day of August, 2011 at 10.00 A.M.** and at any adjournment thereof.

Dated this day of , 2011

Signature _____

Affix
₹ 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.

PRINTED MATTER
BOOK-POST

If undelivered please return to :



DECCAN CEMENTS LIMITED

'Deccan Chambers'
6-3-666/B, Somajiguda,
Hyderabad - 500 082

